The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Would End Tariff Autonomy—Make China Dumping-Ground

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SATURDAY, JULY 11, 1936 VOLUME 77, NUMBER 6

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THE

Comacrib Industrial & Commercial Manual of China & Hongkong

The 1936 edition is in process of preparation and will be published in September of this year. Price $50.00. It will contain about 1000 pages and financial, historical and credit information on about 6,000 firms as well as about 1,000 of the latest audited Balance Sheets.

The Japan Edition published in July will contain about 1000 pages with information on 7,000 to 8,000 firms and many Balance Sheets, price $50.00.

The Commercial & Credit Information Bureau

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118 Museum Road, Shanghai

In the United States Court for China

In re.
Last Will & Testament
of
FRANCIS WILEY GILL
Deceased

Cause No. 4075
Special Proceedings
No. 1953
NOTICE
Filed at Shanghai, China,
June 10, 1936.
William T. Collins, Clerk
L. T. Kenake, Asst. Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANCIS WILEY GILL, deceased, to present the same with vouchers to the undersigned on or before December 13, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER
Executor
c/o American Church Mission
152 Minghong Road

Shanghai, China.
June 10, 1936.

Latest New York Stock Exchange Quotations

July 8, 1936

Stock Exchange— Business Done:-
Total Volume: 970,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale July 6	Last Sale July 7
18⅞	9⅝	0.10	Adams Express	11⅝	11¼
134¾	115¾	4.00	American Can	133¼	133¼
40¾	29¼	0.60	Amer. Cyanamid "B"	33⅞	33½
9¾	6½	—	American & For. Power	7¾	7½
43	29¾	—	American & Foreign Pwr. $7 pfd.	40⅝	37¾
27⅜	18¾	—	American Radiator	19⅜	19¼
178	149½	.00	American Tel. & Tel.	166½	166½
104	88½	5.00	American Tobacco "B"	100½	100½
25¼	19⅞	—	American Waterworks	24¼	23⅝
39¾	28	0.25	Anaconda Copper	34¼	33¾
86⅝	59	2.00	Atchison, T. & S. Fe	75	73¼
54¼	27	—	Auburn	28¼	27⅝
24¼	15⅞	—	Baltimore & Ohio	18	17½
63¾	45¾	—	Bethlehem Steel	48⅜	47
26½	16⅞	—	Boeing Airplane Co.,	21	20¼
16	10⅞	—	Canadian Pacific Railway	12½	12½
183½	92½	—	Case, J. I.	165½	162½
47⅞	34	1.40	Chase National Bank	44⅝	44¾
74¾	59	3.00	Chesapeake Corp.	74¾	74¼
61¾	51	2.80	Chesapeake & Ohio	61¾	62¼
114½	85½	4.00	Chrysler	112⅞	111
21⅝	14	0.40	Columbia Gas & Electric	19¾	19⅝
24⅝	14¼	0.60	Coml. Solvents	15	15
5½	2¼	—	Commonwealth & Southern (ord.)	3⅛	3¼
38⅝	27⅝	1.00	Consolinated Edison	37⅝	38
15¼	11½	0.25	Consolidated Oil	12⅝	12⅛
38½	28¼	.8 ½	Continental Oil	29⅝	29⅜
82	68½	3.00	Corn Products	73⅜	72⅞
75¾	50⅜	0.75	Douglas Aircraft	61½	61⅜
153	133	3.60	Du Pont de Nemours	150	149¼
25½	15¾	—	Electric Bond & Share	22⅝	21⅞
41⅞	34½	1.00	General Electric	38⅛	37⅝
43	33⅝	1.80	General Foods	41½	41½
71	53⅞	2.00	General Motors	68⅜	67¾
50	32½	1.00	General Railway Signal	34½	33¼
21⅜	12⅞	0.60	Gold Dust	12⅞	12⅞
31⅞	21¾	—	Goodyear Tire & Rubber	22⅞	22⅛
76½	57¼	1.00	Humble Oil	64½	62¾
54¼	43¼	1.00	Internation Nickel	49¾	49⅜
19¼	12	—	International Tel. & Tel.	13¾	13½
41⅝	28¼	1.00	Kennecott	38½	38⅜
54⅞	43	2.00	Loew's Inc.	50	49¾
26½	21¼	1.20	Lorillard	23¼	23¼
103	80¾	1.00	Monsanto Chemical	96	95
45¾	35¾	0.20	Montgomery Ward	42⅝	41⅞
41⅞	31	1.00	National City Bank	38⅞	39⅛
28	21	1.20	National Dairy Prods.	28	28¼
33⅜	26¼	2.00	National Distillers	26⅞	26⅜
14⅞	9¾	0.60	National Power Lt.	11¼	11⅛
42¼	27¾	0.10	New York Central	35⅝	35⅛
32⅛	23⅛	1.00	North American	29⅝	29⅜
39⅝	30¾	1.50	Pacific Gas & Electric	39	39
56⅞	47⅝	2.40	Pacific Lighting	51⅞	52
13	6⅞	0.10	Packard Motors	10⅜	10¼
39	28¼	1.00	Pennsylvania Railroad	32⅜	31⅞
49⅜	38⅛	1.00	Phillips Petroleum	41½	41⅜
48¾	39	2.40	Public Serv. of N. J.	46	45⅝
14¼	9	—	Radio Corporation of Amer.	11½	11¼
58⅝	50	3.00	Reynolds Tobacco "B"	54½	54¾
52	38⅝	—	Schenley	39½	38¾
76	59⅝	2.00	Sears Roebuck	73¾	73
17	12½	0.40	Socony-Vacuum	13⅛	12⅞
29	25	1.50	Southern California Edison	28⅞	29
38⅞	23½	—	Southern Pacific	33⅛	32
18	14⅜	0.80	Standard Brands	15⅝	15¼
9⅞	5⅛	—	Standard Gas & Electric	7⅝	7½
70	51⅛	1.00	Standard Oil Co. of N. J.	58¾	58⅜
71¾	65	3.80	Sterling Products	70⅛	70½
38¾	33	2.00	Texas Gulf Sulphur	36	35½
14¾	11	0.30	Transamerica	13¾	13⅜
92¾	71⅝	2.00	Union Caride & Carbon	92¾	92⅝
138¾	108½	6.00	Union Pacific	127¼	124
32⅝	20⅝	—	United Aircraft (New)	22¼	21⅞
21	13	—	United Airline Trans.	17¼	17⅛
9¼	5⅜	—	United Corporation	7¼	7¼
19½	14⅝	1.00	United Gas Improvement	15⅞	16
59	33⅞	2.00	U.S. Indus. Alcohol	34⅝	34½
35	16⅞	—	U. S Rubber	28	27½
72⅝	46⅜	—	U. S. Steel	58⅜	57
27¼	16¼	—	Vanadium	17½	16⅞
14⅝	9¼	—	Warner Bros. Pictures	9⅞	9⅝
128¾	94½	1.75	Westinghouse Electric	121½	119⅝

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The China Weekly REVIEW

Formerly Millard's Review

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FURTHER FORECAST ON BREAK-UP OF CHINA

WRITERS all over the world are again forecasting the break-up of China and ultimate extinction of the Chinese Republic as an organized state, somewhat as happened with Ethiopia. William Teeling, British student of political conditions in the Far East, whose addresses and writings have previously been referred to in these columns, has an article in *Asia Magazine* for July forecasting the ultimate independence of the four southern provinces as an outcome of the present political crisis. In attempting to answer the question, "Will South China Go Communist or Fascist?" Mr. Teeling predicted that warlike Kwangsi, rich Kwangtung, poverty-stricken Kweichow and Yunnan may be driven together to form an unbroken bloc of territory embracing 8,000,000 people and stretching from Burma to the coast. He argued that such an outcome might result from the present complications and it would have important repercussions in the Far East—upon British policy in India, the French in Indo-China, and also the Japanese.

The same issue of *Asia* contains an article by Nathaniel Peffer, wellknown American writer on Far Eastern topics, who declared that the "Open Door" in China "is and always has been a myth." He said the Open Door Policy was invented by Great Britain about 1900 when England was the strongest power in the world and industrially, commercially, and financially the most advanced and efficient. England was finished with territorial expansion and desired free economic access everywhere.

There was food for serious thought in Mr. Peffer's article for it followed the familiar line of pacifist reasoning now adopted by many writers that the Open Door is about to go into limbo along with China's position as an independent nation—hence America should be prepared for the shock of China's passing "and not permit the Open Door to become a symbol of national honor and a cause

of war when Japan takes the next step that will give her complete political and economic control of North China."

NEW LIGHT ON SOME OLD SECRET TREATIES

IN the period following the beginning of the World War in 1914 and America's entrance into the struggle in 1917 the Allied nations, Britain, France, Japan, Czarist Russia, Italy and Belgium, negotiated a number of secret treaties which none of the Allied statesmen allegedly took the trouble to tell the Americans about when the United States decided to join in the struggle. As many of these secret treaties had been negotiated by Japan and were concerned with Japan's retention of German territory which the Japanese had seized at the outbreak of the war, the disclosure of the secret pacts caused deep resentment in the United States and had much to do with America's refusal to sign the Versailles Treaty or join the League of Nation. The actual existence of the secret treaties, particularly the ones confirming Japan in possession of Shantung province, was disclosed by the Bolsheviks after they overturned the Czarist Government in 1917.

As the secret treaties were contrary to established U. S. policy in the Far East, the Americans regarded it as distinctly bad faith that none of the Allied statesmen who were pressing America to enter the war, had thought it advisable to tell President Wilson of the existence of the treaties. President Wilson, in testifying before the Senate Foreign Relations Committee in 1919, denied that he had been informed of the existence of the treaties.

Recently, however, there have been some disclosures on the subject of the secret treaties which indicate that President Wilson had been informed of the secret agreements by Lord Balfour, who was Chairman of the British Mission which visited the United States in April and May, 1917. Mrs. Blanche E. C. Dugdale, who is publishing a biography of her uncle, Lord Balfour, stated in the course of an article in the London *Daily Telegraph* that "Balfour disclosed to President Wilson the existence and the character of certain 'Secret Treaties' between the Allied Powers in Europe." Mrs. Dugdale also stated that the doubt which existed as to the British Foreign Minister's entire openness on the subject, "had been removed by the publication of the papers of Colonel House, formerly confidential associate of President Wilson."

The recent disclosures, referred to in the *New Republic* (New York, June 10) quoted Senator Gerald Nye, Chairman of the Munitions Investigation Committee as alleging that President Wilson did know of the treaties but had failed to disclose the information to the Senate Foreign Relations Committee in 1919. The allegation by Senator Nye was hotly resented by Senator Carter Glass of Virginia who was Secretary of the Treasury for more than a year under President Wilson. Senator Glass was so indignant over the Nye disclosures that he tried to block any further appropriations to the Nye Committee which has been making an exhaustive inquiry into the circumstances of America's participation in the World War.

Mrs. Dugdale, quoting her uncle Lord Balfour, attributed President Wilson's denial of knowledge of the secret treaties to "lapse of memory . . . when Wilson had made up his mind about coming into the war, it was the present and the future which interested him, not the past. I felt the same — those Treaties had no importance by that time."

The subject of the old secret treaties, or at least those pertaining to the Far East, is of special significance again because of the present tendency to revert to similar methods of diplomacy. Although one of the chief objects of the treaties signed at the Washington Conference, providing for frank interchange of views among the signatory Powers, was to prevent secret deals the virtual scrapping of these agreements by Japan has caused Far Eastern diplomacy to revert to ancient secret methods. Among the recent demands of Canton was the abrogation of "all secret treaties with the Japanese, including the Shanghai and Tangku truces and the Ho Ying-ching and Umetzu agreement." But aside from the secret deals between the Chinese and Japanese military authorities in the North, there also have been the recent disclosures of secret negotiations between various foreign nations pertaining to the protection of their respective vested interests in China and also rumors of deals which indicate a reversion to the old and discredited "sphere of influence" policies of a previous decade.

U.S. Bureau of Commerce Analyzes China's Income and Expenditure

The method by which China maintains an equal balance of international payments in the face of large adverse merchandise balance and heavy losses through smuggling was revealed in a tentative analysis of the Chinese balance sheet for 1935 by the United States Department of Commerce, June 29. Among the Chinese outpayments was an item of 300,000,000 yuan, described as "unrecorded imports (includes smuggling goods as well as unrecorded imports by the government)." Another extraordinary item in the outpayments was 10,000,000 yuan charged to the "alleged inward smuggling of gold."

China's balance of payments for 1935 was estimated in total at 1,429,000,000 yuan of outpayments and the same amount of inpayments. Merchandise imports as recorded by the customs were 919,000,000 yuan, while merchandise exports were reported at 576,000,000. In view of an estimated 15 per cent undervaluation of exports the amount of $7,000,000 yuan was credited to inpayments.

American Activity in Modernizing China Stressed by Julian Arnold

Importance of the role which the United States is playing in the modernization of China was emphasized in a report to the U.S. Department of Commerce in Washington, from Julian Arnold, Commercial Attache in Shanghai last month. Mr. Arnold noted that the past decade, has been a really remarkable era of building construction in Chinese cities, especially Shanghai. However, it is in the field of railway construction and equipment that prospects are most promising, Mr. Arnold reported.

Forty-Nine Nations Bar Japanese Goods—Only China Submits, Becomes Dumping Ground

MUCH light was shed on the motives underlying Japan's officially fostered smuggling program in North China as a result of disclosures made at an important trade and diplomatic conference held in Tokyo on June 30. The Tokyo conference was fostered by the newspaper *Asahi Shimbun* and among those who attended were the Minister of Foreign Affairs, Hachira Arita; Finance Minister Baba, other cabinet officers including the ministers of commerce and agriculture and a number of leading business men and bankers including representatives of Mitsui, Mitsubishi, Noboru Ohtani, president of N. Y. K. steamship interests; Chokiuro Kadono, vice-president of Okura and Company, and a number of others, including Katsuji Debuchi, former Minister to U. S. A.

Of outstanding significance was the information disclosed from official sources that there are now 49 nations which are barring Japanese "cheap" merchandise by means of high tariffs or outright anti-dumping legislation. Of the various methods adopted in different parts of the world to "persecute" Japanese merchandise, it was shown that in 24 cases the restriction had been accomplished by means of a high tariff. In some 20 instances Japanese merchandise had been placed on a strict "quota" basis while in the remaining four or five cases other methods had been used, but the results were similar in all countries, the strict limitation placed on the import of Japanese manufactured articles. Cotton cloth and rayon textiles were the worst sufferers, the restriction in various parts of the world being so severe that it had become necessary for Japanese cotton manufacturers to restrict their production by 26 percent while rayon manufacturers had been forced to cut down 30 percent with further curtailment threatened in both industries.

It was frankly admitted that the situation had become so serious that the Japan Economic Federation had appointed a special committee on

CHINA DEMONSTRATES HER "FRIENDSHIP" FOR JAPAN

Incidents In Fengtai Are Settled

Happy Result Of Talks In The North; Terms Are Given

PEIPING, July 2.—Both the recent Fengtai incidents were settled amicably at a conference between Chinese and Japanese officials here this evening

The first incident revolved around the alleged ill-treatment of a Japanese officer sent to investigate the forcible removal by Chinese soldiers of some Chinese cavalry horses which had strayed into premises the Japanese recently took over for barracks.

The terms were:—

1.—The Chinese troops garrisoned at Fengtai are to be transferred.

2.—The Chinese brigadier is to visit the Japanese military headquarters and tender an apology.

3.—The Chinese are to undertake that no such incident shall recur

4.—The battalion commander at Fengtai is to be deprived of his rank, though his services may be retained.

5.—The mafoos in charge of the horses involved in the affair are to be dismissed

The second incident, which centred on the alleged manhandling and detention of a Japanese merchant, is to be settled by the payment of damages to the man concerned.—Reuter.

CHINESE ADMISSION OF FAULT

Negotiations Over Fengtai Incident Continue

Tientsin, July 1

Col Ishu[illegible] day after [illegible] joint [illegible] with [illegible] Chinese battalion [illegible] their arms and t[illegible] The [illegible] the t[illegible] of th[illegible] forme[illegible] Peipi[illegible]

JAPAN'S INCREASING INTEREST IN NORTH MAY NEED NEW BANK

JAPAN CONSTRUCTING 18 RAILWAY ENGINES FOR NORTH CHINA LINE

Apology Tendered Japan By Customs In Shipping Row

July 4

Surrender All Around Made In Tientsin Smuggling Row

CHINESE ACCEPT NIPPON DEMAND

Contraband Activities Increase As Ronins Carry On Trade

$23,000,000 IS LOST TO CHINA BY SMUGGLING

SPINNING MILLS IN NORTH CHINA

Japan to Control Tientsin Area by End of Year

ENDEAVOUR TO REMOVE DISCRIMINATION

Osaka, July 1

By the end of this year, Japan will control spinning mills in the Tientsin area with about 300,000 spindles not counting the 490,000 spindles in Japanese mills at Tsingtao

Cloth and yarn turned out by these plants will be more than enough to supply all the needs of north China and the surplus will have to be sold in central and south China.

Satisfaction Is Given Japanese; Chinese Troops Transferred

BRIGADIER WILL TENDER APOLOGY

CHINESE CONSULATE APOLOGIZES

Representations to be Made to Nanking?

Osaka July 2

Following representations made by the local office of the Ministry of Communications, the Chinese Consulate-General in Kobe to-day offered its apologies for an order issued to all local Chinese residents and organizations to "listen-in" on Nanking broadcasts The Consulate-General also revealed that the order was withdrawn as soon as the Japanese protest was received.

JAPAN STANDS BY "THREE POINTS"

Smuggling Must be Settled by China Herself

Nanking, July 2.

The Japanese Ambassador, Mr Shigeru Kawagoe, this afternoon conferred for half an hour with Gen. Chang Chun, Foreign Minister. Later, he told Domei that the forthcoming conversations on the readjustment of Sino-Japanese relations would revolve around the "three point programme" first enunciated late last year by Mr Koki Hirota, then Foreign Minister.

The Ambassador said the problems of North China would occupy an important position on the agenda of the conversations, and to ensure the smooth progress of the negotiations, he was ready to receive China's proposals and suggestions. He intended to devote attention to the economic development of China and especially its communications

Commenting on the problem of smuggling in North China, the Ambassador said his Government hoped the matter would be settled at an early date by China herself, which was alone concerned with it. "The first thing to do," he emphasized, "is to lower the high tariff rates imposed on goods imported from Japan "Japan," he added, "will co-operate with China in setting the problem, but she is in no position to interfere in the matter."—Domei

JAPANESE NARCOTIC AGENTS

Foreign Office Regulations to be Invoked

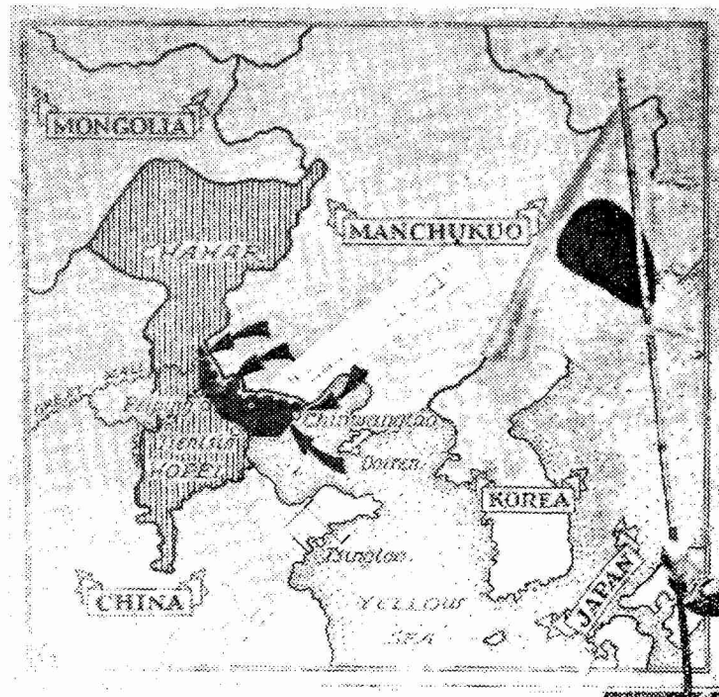
Tokyo, June 30.

Japanese traffickers in opium and other narcotics in China and in Manchoukuo will be dealt with under new Foreign Office regulations which

The headlines and clippings from Far Eastern newspapers covering the last week in June and first week in July indicate the complete collapse of Chinese resistence to Japanese smuggling and military aggression in North China. Gen. Sung Cheh-yuan, who once fought the Japanese at the Great Wall, even agreed to the evacuation of his troops from the important Fengtai junction south of Peiping, making way for the increased Japanese garrison in the Peiping area.

ways and means of meeting the crisis, while in other quarters it was recommended that the Cabinet should create a "strong central organ," otherwise an "Economic General Staff" for the purpose of bringing under official control all administrative organs having anything to do with trade, including the Commercial Bureau of the Foreign Office, Trade Bureau of the Ministry of Commerce and Industry, customs section of the Taxation Bureau of the Finance Ministry, Shipping Bureau of the Communications Ministry, Silk Control Bureau, etc., etc.

As a result of the disclosures at the conference staged by the *Asahi Shimbun* it was shown that Japan's foreign trade, with an adverse balance exceeding Yen 300,000,000, is facing an uncertain future. While the export of raw materials and manufactured goods were practically equal a decade ago, the situation has changed and manufactured articles now form the major exports with raw materials being imported in increasingly large amounts. The low exchange rate of the Yen had greatly stimulated export trade but increasing prices for raw materials and growing competition between traders had so reduced profits that the future outlook was distinctly unfavorable. And now on top of the adverse economic situation was the tendency of nations about the world, including America and the British dominioins and colonies to restrict or bar out Japanese goods entirely.



This picture, reproduced from the *New York Times* for June 7, called attention to the fact that the Japanese Army (also Navy) is the power behind the mass smuggling in North China. The map shows the "gap" in China's tariff wall, consisting of the East Hopei "independent" government and Hopei-Chahar "autonomous" political council.

The Imperial Army of Japan guards the horde of Japanese and Korean smugglers of North China.

In addition to other relief measures suggested at the meeting, one proposal was that the Government should arbitrarily control all trade, import and export, as in the case of Russia, the object being to build up a reserve fund. The Russians restrict their imports to 75 percent of their exports, according to the report.

It was shown that while Japan had opened up numerous new markets, there had come demands from these countries for compensatory purchases of goods which Japan was not in a position to meet. It was also shown that Germany and France were large purchasers of Japanese goods, particularly drugs and silks, but in both instances, Germany in the case of drugs and France with silks, the reconditioned goods was being marketed as European-made articles. It was recommended that Japan should try to handle this trade direct, but it was admitted that the adjustment of intricate and conflicting interests of traders through the medium of official control would involve serious problems. There was no concealing the seriousness of the outlook.

Japan's inability, now openly admitted in Tokyo, to effect an economic conquest of the World by means of depreciated currency and underpaid labor, has served to attract international attention to Japan's present desperate attempt to destrov China's industries and convert this country into a dumping ground for cheap Japanese goods. That the military and naval forces of Imperial Japan constitute the power behind the smuggling program is now generally realized over the world was indicated in an article which appeared in the *New York Times Magazine* on June 7, which was written by Sterling Fisher, staff correspondent who recently traveled extensively in North China. In the concluding paragraphs of his article, Mr. Fisher stated,

"It is obvious that this vast trade is abetted by the Japanese Army (now also by the Navy—Ed.), not for profits, but for policy. What does

the Army hope to gain? Clearly, it has substituted economic pressure for armed warfare in the hope of forcing China to accept its major aims. True, the Japanese Army disclaims any control over the smugglers. But if China should decide to recognize Manchukuo, reduce tariffs against Japanese goods and enter an economic bloc which would enable Japan to assist in developing her resources, there is no doubt that Japan's Army would see to it that mass smuggling ended overnight."

But it is no longer necessary to speculate upon Japan's motives in fostering the smuggling trade, because the facts of this amazing situation are now public property, disclosed in reports of the semi-official *Domei* news agency issued at the time of the presentation of credentials by the new Japanese Ambassador Shigeru Kawagoe. Kawagoe, who was not eligible for the ambassadorial appointment on the basis of seniority, owed his unexpected promotion to the support of the Japanese Kwantung army in Manchukuo where the former Tientsin consul-general had previously served. Kawagoe, in an interview with the Chinese Foreign Minister, Gen. Chang Chun, prior to the presentation of his credentials to the Nanking Government on July 3 stated that his forthcoming negotiations would be based on the so-called Hirota "Three Point Program," which includes a Sino-Japanese economic agreement, China's suppression of all anti-Japanese activities and a military alliance between the two countries for the suppression of "reds." In the course of an interview circulated by *Domei* following the interview Kawagoe declared that Japan was now interested primarily in economic development in North China, particularly in the extention of communications. Regarding the smuggling crisis, Kawagoe declared that China should first reduce her tariff rates on Japanese goods, following which Japan would be prepared to "cooperate" in suppressing the smugglers. In an earlier interview, telegraphed to Japan and published in the *Japan Times* (Tokyo, June 24) Kawagoe declared, "the shortest cut to the enhancement of the Chinese people's welfare lies in an early development of the country's national economy, in which connection the Japanese Government is fully prepared to render every assistance within its power.... regarding the smuggling situation, an appropriate and fair solution could never be found unless full consideration was paid to the causes which brought about the present situation....in tackling the matter one must not be content with observing the question only in its present and superficial phases."

On July 4, immediately following the presentation of Kawagoe's credentials *Domei* cabled a report from Tokyo stating that Japanese businessmen and officials favored a restoration of the Sino-Japanese Customs Agreement of May 30, 1930, "as a means of regulating the 'special trade' now prevailing in North China." The *Domei* message carefully avoided the use of the word *smuggling*, but declared that the "special trade had its roots mainly in the high tariff schedules enforced by the Nanking Government, while the creation of the new administrative units in North China had also played an important part in fostering it....the 'special trade' formed an expression of consumers' revolt against high tariff rates....the 'special trade' will not cease until the Nanking Government either re-drafts its tariff schedules or grants tariff autonomy to North China...."

The *Domei* report then explained what was meant in the advice from Tokyo that China should restore the Sino-Japanese Customs Agreement of May 30, 1930; but the explanation was not complete. According to the *Domei* version, the Sino-Japanese agreement of 1930 bound China not to raise her import duties on certain specified Japanese articles higher than those levied according to the Import Tariff of 1928 for a period of three years.

But *Domei* failed to state the important fact that this agreement—to give the Japanese preferential treatment on certain specified articles for a period of three years—was the price which Japan exacted for granting China the sovereign right of tariff autonomy. Following the lead of the United States, Great Britain and the other Powers (excepting Japan) granted China tariff autonomy, this act marking the culmination of a struggle on China's part for control over her customs extending over practically a quarter of a century. But the Japanese held back and finally exacted from the National Government the so-called "Sino-Japanese Tariff Agreement of 1930," as the price of Japan's consent to China's Tariff Autonomy. Under this agreement, China granted Japan, for a period of three years, special rates on certain products, chiefly cotton cloth and sea foods. The other Powers, under the most favored nation clause in the treaties could have claimed equal rights, but few of the items listed in the Japanese agreement were to be obtained from Occidental sources, hence the Japanese in the period covered in the treaty enjoyed preferential right. But at the expiration of the three-year period when Tariff Autonomy came into effect the special rates on Japanese products were ended and since that time, or up to the beginning of smuggling, Japanese goods were compelled to pay rates similar to the products of other countries.

Therefore, by demanding a restoration of the Sino-Japanese Treaty of 1930 this is equivalent to telling China that she must give up her long-struggled-for Tariff Autonomy and permit Ja-

pan to write a new tariff under which China would grant Japanese manufacturers special rates. It would be equivalent to China's voluntary surrender of sovereignty over her Customs Establishment and the placing of the nation in the position of a colonial dependent. China would then become a dumping ground for the industries of Osaka and China's industrial establishment would be scrapped excepting certain favored industrial interests which the Japanese would purchase in order to operate as auxiliaries of Osaka plants. This, in effect, is what is now taking place at Tientsin as a direct result of the smuggling program, with respect to the Chinese cotton-mill industry in North China. Practically all of the Chinese-owned cotton mills in Tientsin have already been sold to the Japanese who plan, by the end of the present year, to have complete control of the industry.

A further element, bound to cause serious misgiving in Occidental circles, is that the granting of favored tariff treatment to the Japanese will ultimately result in the elimination of direct American and European trade as now conducted in the Chinese port cities. Occidental firms, barred from taking advantage of the special Japanese tariff privileges, will be unable to compete with the Japanese and will be forced out of business—or they will be compelled to establish branch factories in Japan—thus contributing to their own downfall and the further enrichment of Imperial Japan. China will thus also become the dumping ground of Occidental products, as sold here by Japanese agents. This is what the Japanese mean when they talk about the creation of a Japan-China-Manchukuo Economic "Bloc."

That the Japanese are determined to bring this situation into effect is obvious and it is equally obvious that the accomplishment of this purpose constitutes the chief work which has been mapped out for Ambassador Kawagoe. The director of the East Asia Bureau of the Tokyo Foreign Office, Kazur Kuwajima, who spent considerable time investigating smuggling in North China and who later visited Nanking where he interviewed high officials, declared upon his return to Tokyo that China would be compelled to agree to a revival of the old tariff treaty of 1930 as the only means of settling the "special trade" (smuggling) problem in North China. He recommended to Hachiro Arita, Foreign Minister, that there should be a return to the old "bilateral customs agreement with China."

Further confirmation of Japan's intentions to demand reductions in China's tariff on Japanese goods was contained in a *Domei* message from Tokyo on july 8 stating that Hachiro Arita, Foreign Minister, had instructed the new Japanese Ambassador, Shigeru Kawagoe to demand a 20 percent reduction in Chinese tariff rates on Japanese sugar, rayon and marine products. The decision to make this demand was reached following a conference of Tokyo Foreign, War and Navy Ministers and was based upon a recommendation of Kazue Kuwajima, whose visit to China was referred to in the foregoing paragraph.

The decision of the Japanese Government to send Kazue Kuwajima, chief of the East Asia Bureau, to China for the purpose of investigating smuggling, apparently resulted from the visit of Sir Frederick Leith-Ross, British Treasury representative to Tokyo recently. Whether his recommendation to Nanking that the Chinese tariff rates on certain products should be lowered, was in anticipation of Japan's demand for a "special" treaty is not known.

But whether China does or does not agree (at Nanking) to a new private tariff treaty with Japan, covering the entire country, the Japanese have already, by means of their smuggling policy, effectively broken down the Chinese customs barriers of North China. It is unnecessary to review the disgraceful story of Japanese mass-smuggling in the North, which has been amply told in the columns of the daily newspapers. One of the leading Japanese steamship companies announced the inauguration of a new service with a number of a new boats between Dairen and Tientsin, in order to handle the smuggling trade. Japanese trucks carrying armed guards and loaded with contraband goods have become familiar objects on the roads of North China. Hordes of Japanese smugglers consisting of so-called ronin and Koreans have practically monopolized Chinese railways with their parcels of contraband. Chinese railway guards and police, *and soldiers still wearing the uniform of the National Government,* thoroughly intimidated by the might of Imperial Japan, stand by and make no effort to prevent this traffic. Chinese Customs authorities at Northern ports who tried to make a stand against smuggling and seized Japanese boats openly engaged in contraband trade, were compelled to release the boats and make abject apologies to the Japanese authorities. Chinese soldiers who tried to interfere with Japanese smugglers and dope-dealers in the vicinity of Peiping were forced to apologize and worse, evacuate the important railway junction and strategic post at Fengtai, thus surrendering to the Japanese army—which occupied the post—the control of the railways of North China.

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JAPAN PROCEEDS TO "CASH-IN"

A brief *Kuomin* report from Nanking on July 6 told of Nanking's approval of the appointment of Wang Ko-min, former Anfuite, as Chairman of the recently formed Economic Committee of the Hopei-Chahar Political Affairs Committee. The Japanese, who were responsible for Wang

Ko-min's selection for this post, have great expectations with regard to the work of this committee because it will be through this organ that they will work to control the economic resources of North China. The following reference to the subject appeared in the *Japan Times*, Tokyo, June 25, "Prospects of an early materialization of the projected Sino-Japanese economic rapprochement in the exploitation of the abundant resources of North China, were greatly strengthened by the installation in the Administration of Wang Ko-min, former chairman of the Peiping political Council.....owing to the close offiliation of the former Peiping politician with the local Japanese authorities, political circles in Peiping feel that the inauguration of Wang will accomplish considerable in stabilizing the situation in the North."

Dr. Eiichi Baba, Japanese Finance Minister, announced on July 2 the appointment of Mimoru Inamori, formerly a member of the Exchange Control Bureau of the Finance Ministry as Japanese Financial Commissioner stationed in North China. Dr. Baba also announced the organization of a special bureau for the investigation of economic conditions in China. The new bureau will have charge of plans for economic development in North China. The Japanese Finance Ministry has also announced the organization of a Japanese Salt Purchasing Bureau in North China, the report stating that the action has the approval of the Hopei-Chahar Council. A *Reuter* report from Osaka on July 1 stated that by the end of the present year the Japanese would have, through purchases and new construction, control of the cotton spinning mills in the Tientsin area with about 300,000 spindles, which is in addition to the 490,000 Japanese spindles at Tsingtao. As cotton yarn turned out by these mills will exceed the requirements of North China, the surplus will be sold in Central and South China. In view of the great expansion of the Japanese cotton industry in China, the Japanese authorities will shortly request the Nanking Government to remove all discriminatory treatment as regards the supply of Chinese raw cotton to Japanese mills. Heretofore, according to the report, the Chinese spinning mills have enjoyed priority rights to Chinese raw cotton, thus causing the Japanese mills considerable inconvenience. A report in the *Shun Pao* stated that the Hopei-Chahar Council had granted to the Japanese concessions for the construction and supply of materials for eleven new railways lines in North China:

1—Chiaochow-Hsuchow line.
2—Taokow-Tsinan railway.
3—Tsinan-Changteh railway.
4—Chefoo-Weihsien railway.
5—Chengteh-Peiping railway.
6—Tsinan-Shuteh railway.
7—Chengteh-Tientsin railway.
8—Tatung-Tungkwan railway.
9—Pingyang-Chinhui line.
10—Dolonnoer-Kalgan line.
11—Tsangchow-Shihchiachwang Railway.
12—Chinwangtao-Tientsin Motor Highway.

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Japanese military officers who participated in an important conference at Peiping on July 5 will hold another important conference in Shanghai on July 10, date scheduled for the Plenary Conference of the Kuomintang Central Executive Committee at Nanking. Those who participated in the Peiping conference included Lieut.-Gen. Kanichiro Tashiro, Commander-in-chief of the Japanese forces in North China; Major-Gen. Katayoshi Matsumuro, Chief of the Special Service Section of the North China Garrison; Lieut.-Col. Takeo Imai, Assistant Military Attache at Peiping; Major-Gen. Hisao Watari, Chief of the Second Bureau of the Army General Staff, Tokyo; Lieut.-Col. Tan Takahashi, Chief of the Chinese Section of the General Staff, Tokyo; Major-Gen. Seichi Kita, Military Attache, Shanghai; Lieut.-Col. Tatsumi Amemiya, resident officer at Nanking. Gen.Tashiro, Commander of the Japanese forces in North China announced at the close of the Peiping meeting that Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Council, had arranged for the employment of a number of high-ranking Japanese military officers as advisers to the 29th Chinese army stationed at Peiping. This announcement apparently confirms reports which have appeared in the Chinese newspapers that Gen. Sung has signed an agreement with the Japanese military authorities for cooperative activities against the "reds." According to reports in the Chinese newspapers the Japanese military conference discussed the following matters: Further increase of Japanese military and naval forces in the North; cooperation between the Kwangtung Army (controlling Manchuria) and the North China Garrison; disbandment of Chinese troops now stationed in North China; deepening of Taku and Tangku harbors at entrance to Tientsin; joint Sino-Japanese campaign against the "reds;" economic control of North China; amalgamation of Chinese troops in East Hopei regime with the troops of Manchukuo. Major-Gen. Kita, Military Attache stationed at Shanghai, stated that he was highly satisfied with the "steady progress' of the Hopei-Chahar Political Council. Another officer who participated in the conference stated that since the North China Economic Committee, organized for the purpose of promoting cooperation with Japan, did not yet possess sufficient power to formulate or execute positive plans, it would be necessary for Japan to dispatch a number of "experienced technicians" to guide the Chinese along proper lines.

C. E. C. Plenary Session Opens at Nanking; Nine Kwangtung Planes Desert, Join Government

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nine Southern Planes Land at Nanking to Join Government.**
2. **Kwangtung Said Negotiating $10 Million Loan From Japan.**
3. **New Disposition of Kwangtung Troops in Border Regions Completed.**
4. **Kawagoe Presents Credentials But Decides to Delay Negotiations.**
5. **Gaimusho Displeaeed as Kita Refused to Attend Kawagoe's Presentation.**
6. **Fengtai Incidents Settled with Chlnese Acceptance of Japanese Demands.**
7. **Rumor of Separatist Movement Among Northwestern Commanders Denied.**
8. **Anti-Red Campaign in Northwest Reviewed by General Shu Fong.**

The opening of the Second Plenary Session of the Centra Executive Committee at Nanking on Friday, July 10 and the desertion of seven Kwangtung airplanes to Nanking coupled with the issuance of a statement by over forty air officers of the Southwest denouncing the Liang-Kwang military leaders for their present anti-Government movemet constituted the high lights in the events of the week. The Plenary Session, which has been specially summoned by the Government to settle the southwest situation precipitated by the war-like moves of the Southwest military authorities, will be of great significance internally, as upon its success will depend whether another civil war can be avoided and real unity between Canton and Nanking achieved. As we were going to press, already a large number of C.E.C. members from various parts of the country had arrived at Nanking, among whom was Tang Shao-yi, veteran Kuomintang leader and first premier of the Republic, whose presence at the Capital at this moment will lend considerable weight to the Central Government. Mr. Tang expressed himself as being greatly dissatisfied with the actions of the Liang-Kwang military leaders and declared that he could not see that their present movement was actuated by any patriotic motives. Of equal significance was the scheduled arrival at Shanghai on July 9 of the five Southwest delegates, Huang Lin-shu, Teng Ching-yang, Li Jen-jen, Li Yi-um and Tsui Kwang-hsiu, representing Kwangtung and Kwangsi authorities. The Southwest delegates are reported to have brought with them five proposals for submission to the Session, which appeared in last week's issue of the *Review* and the most important of which are the severance of relations with Japan and the launching of a war of resistance againt Japan under the leadership of National government. A summary of the events of the week follows :

NINE KWANGTUNG PLANES DESERT SOUTH AND LAND AT NANKING

One of the most dramatic episodes since the present crisis between Nanking and the Southwest occurred July 7 when nine airplanes belonging to the Kwangtung Air Forces defected, flew to Nanking in formation and made a skilful landing there. The airmen concerned immediately called on the authorities, pledged ttheir loyalty to the Cental Government, and denounced the recent moves of the Kwangtung and Kwangsi leaders. Apart from the nine airplanes involved, other defections from the Kwangtung and Kwangsi air forces are reported to have occurred. The desertion of airplanes will have an appreciable effect on the military strength of the Southwestern leaders, who are known to place great reliance on their air force.

Desertion of 12 Kwangsi military airplanes to the Central troops stationed in Hunan on July 2 was reported by *Domei* July 7. General Lin Wei-cheng, Commander of the Kwangsi air force, has been living in Hongkong for some time, giving rise to persistent rumors of his "deal" with the Nanking authorities. Chinese military circles in Canton expressed fears for the morale of the Kwangsi airmen, all of who are reported to be natives of other provinces.

Over forty flying officers of the Canton Air Force including the pilots who have deserted the Southwest have issued a joint statement in Hongkong announcing their "withdrawal" from the "rebels" and pledging their loyalty to the Central Government. A scathing attack on Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi, Southwest leaders, is contained in the statement. The three Kwangtung-Kwangsi leaders are not launching an "anti-Japanese" expedition—they actually were co-operating with Japanese in their struggle for supremacy in China even at the price of giving up Chinese territory and rights, the pilots declare. As soon as they organized the independent Southwest Political Council in 1931, it is alleged, they sent Chen Chung-fu, now chairman of the Foreign Affairs Commission of the Hopei-Chahar Political Council, to negotiate in Japan, resulting in the September 18 Incident. General Li is alleged to have held a six-day conference shortly after the death of Hu Han-min on May 12 to conclude an agreement whereby the Japanese furnish the Kwangsi forces with cement, ammunition, and some 300 advisers on terms that they shall oppose the Central Government and offer the right for the opening of the magnesium mines in Kwangsi. General Chen is alleged to have accumulated a private fortune of more than $100,000,000 while his troops were not paid for six months and the people were forced to pay more than 10 kinds of taxes. Since the military move more than 300 officers and men of the Sixth Division have been detained . More than 100 students and professors of the Chungshan University and 40 officers and men of the Military Academy also were arrested. Executions were reported every day, the statement continued. Concluding, the deserting flying officers announced that they are joining the Central Government with their planes and urged the officers and men of the army, air and navy forces in the Southwest to join them.

As result of the "disappearance" of the nine planes and the sudden departure of the flying officers from Canton to Hongkong, the Liang-Kwang authorities are taking every precaution to prevent further "desertion" in the ranks. All officers and men os the Kwangtung and Kwangsi air forces have been deprived of their Sunday leaves and the rights to receive friends and relatives in their barracks. Captain Ting Chi-hsu, commander of the Second Squadron of the Kwangtung air force under whose control were the nine planes which "disappeared" recently, is reported to have been detained and arraigned before a court-martial.

According to a *Reuter* report, General Chen Chi-tang proceeded July 5 to the Kwangtung headquarters of the air force and to the aviation school and delivered an address to the aviators. He urged them to be faithful to their duties, and to do their utmost to resist Japanese aggression. The Southern leader assured the aviators that they would receive better treatment in the future than they had in the past. A large number of officers of the Kwangtung air force have, it is understood, been promoted to high ranks recently vacated.

General Huang Kwang-jui, commander of the Kwangtung air force, has summoned all flying officers stationed at Shiukwan and other border areas back to Canton "for instruction concerning the present situation."

Endorsing the views of Gen. Ho Ying-chin, Minister of War, and Gen. Cheng Chien, Chief of General Staff, as expressed in their recent two telegrams to the Southwest, a group of 17 Northwestern leaders headed by General Chang Hsueh-liang have sent a wire to the Liang-Kwang leaders in connection with the present political crisis. Addressed personally to Gens. Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi, the wire urges the Liang-Kwang leaders to place natural interests above personal differences, to withdraw all their troops to their original garrison posts, and to proceed to Nanking to take active part in the Second Plenary Session of the C.E.C.

KWANGTUNG SAID NEGOTIATING $10 MILLION FROM JAPAN

Kwangtung is reported to be negotiating with Japan for a $10 million short-term loan with Customs receipts as collateral security, according to *Central News*. It is also reported that Lieut.-Gen. Wu Tsang-sang, chief of staff to the Kwangtung 6th Division, has been executed by a firing squad on account of his pro-Nanking stand.

The Kwangtung provincial government is contemplating the flotation of $10 million Consolidation Bonds to meet the huge military expenses incurred, according to a *Central News* message.

The $7,000,000 Conservancy Bonds of Kwangtung will be issued before September, according to *Shun Pao* July 5.

Kwangtung and Kwangsi will receive annual subsidies of $7,200,000 and $2,400,000 resepctively from the National Treasury for the 25th fiscal year beginning July 1, it was revealed in detailed figures of the general budget.

NEW DISPOSITION OF KWANGTUNG TROOPS COMPLETED

Troop movements continued in Kwangtung during the past few days. The distribution of the provincial forces is reported as to be follows :

The First Division under General Mo Hsi-teh is now stationed in Kanchow, Shangyu, Tsungyi, Tayi and Nanhsiung on the Kwangtung-Kwangsi border;

The Second Division under General Yeh Shao at Hsinfeng in South Kiangsi;

The Third Division under General Chang Jui-Kwei at Anyuan and Chungpengshih in Southern Kiangsi.

The Fourth Division under General Wu Chien-sung has now been transferred from Lochang to Shaokwan and Mapa;

The Fifth Division under General Li Chen-liang is now stationed at Jenhua, Lochang, Chiufeng and Pingshih in northern Kwangtung;

The Sixth Division under General Huang Chih-wen at Lochang and Siaopeikiang northern Kwangtung.

The First Independent Brigade has been temporarily placed under the command of General Chang Ta, commander of the 2nd Army.

The Seventh Division under General Tan Hsing-lang is now stationed at Changling in southern Kiangsi;

The Eighth Division under General Yeh Shou-yao at Polo and Hoyuan;

The Ninth Division under General Ouyang Hsin has been transferred from Chaochow and Swatow in Southern Kwangtung to Wuhua, Hsinning in Eastern Kwangtung.

The Tenth Division under General Tseng Yu-jen is stationed at Meihsien in northeastern Kwangtung and on the southern Fukien border;

The Eleventh Division under General Yen Ying-yu at Chaoning, northeastern Kwangtung and on the western Fukien border while the 12th Division under General Chen Han-kuan is being transferred from Puhua and Hsinning to Chaochow and Swatow.

The 13th Division under General Tan Chuan is now stationed in the suburbs of Canton.

The 14th Division under General Chen Chang is being transferred from Nanhsiung to Takongkuw while the 15th Division under General Chang Ching-cheng is being reorganized in Canton.

General Ho Ying, the newly appointed Chief-of-staff of the Kwangtung Peace Preservation Headquarters, was formally sworn into office July 6.

Kwangsi troops which recently entered Kweichow and occupied Tushan, about 45 miles inside the border, are still remaining there. They belong to the 7th Army under Gen. Liao Lei and are feverishly building deep trenches in the villages to the north and west of the city. Around the city of Tushan itself and at Paihupo, Pantaipu and Shenho to the west of Tushan, heavy barricades have been erected by the Kwangsi forces.

Abandoning their Red-Suppression campaign in Yunnan, two divisions of Nanking troops under Li Cho and Fan Tsun-chi have left Tali, Western Yunnan. They arrived at Lungli districts on June 1 and are now on their southward march, reported *Shanghai Mainichi* July 4. Meanwhile, eight divisions of Nanking troops in Kweichow have also been ordered to march southward.

Reports that Kwangtung troops are advancing into Fukien are authoritatively denied in Canton. It is also denied that Kwangsi troops have been involved in any clashes with Government forces in Kweichow.

Six hundred officers and men belonging to the 19th Army, which won fame for its defense of Shanghai during the Sino-Japanese hostilities in 1932 but fell from grace for its participation in the abortive Fukien revolt some time later, left for Kwangsi July 7.

The report that American residents in Kweilin and Nanning, (capital of Kwangsi), had evacuated the two cities, is confirmed by a dispatch received at Hankow July 7 from Canton. According to the message from Canton, bandits are active in southwest Kwangsi.

SOUTHERN LEADERS PLEDGE ADHERANCE TO HU HAN-MIN WILL

The political will of the late Hu Han-min was accepted by Southwest leaders at a solemn and formal oath-taking ceremony in Canton July 2. They swore that they would wholeheartedly support the principles of resistance to Japanese aggression and extermination of communists.

Construction work on the tomb of the late Hu Han-min, located at the Dragon's Eye Cave on the eastern suburbs of Canton, is reported to have been completed. The State burial for Mr. Hu will take place July 13.

T. T. Ching, former Managing-Director of Canton Municipal Bank, was assassinated outside his home on Robinson Road in Hongkong July 4. The murder, it is believed, was committed for certain political reasons. Mr. Ching was enormously wealthy, and owned extensive properties in Hongkong.

300 CANTONESE AGITATORS REFUSED PASSAGE TO SHANGHAI

Three hundred Cantonese bent on going to Nanking to convince the Central government of the justice of the Southwest cause were refused passage July 4 on the Dollar s.s. *President Jefferson* which left Hongkong on July 6. The group was denied passage on the objection of the City Government of Greater Shanghai that the men were agitators, bent on making trouble in Shanghai and Nanking. All fares paid for the group are being fully refunded. The group finally returned to Canton July 8.

Representations were made July 5 by the Southwestern authorities with the American Consulate-General in Canton in connection with the cancellation of bookings of 300 Chinese passengers by the Dollar Steamship Company, according to *Domei*.

More than 10 students of the Sun Yat-sen University at Canton were arrested June 30. The arrested students were alleged to be members of the Blue Shirts of the Nanking Government, according to *Shanghai Mainichi* July 1.

A big consignment of ammunition including three airplanes which was intended to be sent to Ethiopia, has been purchased by the Kwangtung authorities at the price of $300,000. The consignment of ammunition has been transported to Canton from Hongkong, according to *Shun Pao* July 7.

JAPANESE TO LODGE THIRD PROTEST WITH KWANGTUNG AUTHORITIES

The Japanese consular authorities in Canton contemplate lodging a third protest against anti-Japanese activities in Kwangtung, according to *Reuter*. The first two protests were rejected. The Japanese, who appear to be distinctly worried by the growing anti-Japanese sentiment in the province, declare that they must take a serious view of the situation. They state that they will watch developments closely in view of the possibility of the anti-Japanese boycott being revived.

Special Southwestern delegates have been sent to Shanghai to augment the Southwest's Anti-Japanese activities in the foreign settlement of Shanghai, reported *Shanghai Nippo* July 4. Under the heading, "Note to the People by the Southwest Revolutionists Anti-Japanese National Salvation Army," leaflets are being distributed to the various organizations in Shanghai. The leaflet reads :—

1. Japan is our enemy.
2. Down with Japanese imperialism.
3. Demand the Government to abolish all the humiliation agreements with the Japanese.
4. Demand the Government to immediately launch an Anti-Japanese campaign to recover the lost territory.
5. Sever economic relations with Japan.
6. Chinese should not fight their people.
7. Oppose another internal war.
8. Ally with the nation which treats us on the basis of equality.
9. A united front be formed against the Japanese.
10. All those who oppose resistance against the Japanese are traitors.
11. Mobilize the national forces for a concerted campaign against our enemy.
12. Support the policy of General Li Tsung-jen and Pai Tsung-hsi.

Failing to secure redress from the French Government vis-a vis the shooting incident at Kwangchowwan, the French leased territory in southern Kwangtung, last April, the Chinese populace there are agitating for a hearing of the case by the League of Nations.

KAWAGOE PRESENTS CREDENTIALS BUT DECIDES TO DELAY NEGOTIATIONS

S. Kawagoe, the third Japanese Ambassador to China, presented, his credentials to Lin Sen, chairman of the National Government, at 11.30 a.m. July 3. Following the presentation ceremony Mr. Kawagoe and his suite were tiffin guests of Chairman Lin.

Mr. Kawagoe visited the Sun Yat-sen Mausoleum July 6 and placed a wreath on Dr. Sun's tomb. He was entertained at dinner by Gen. Chiang Kai-shek, president of the Executive Yuan, on July 7, when he was first introduced to the Generalissimo.

Decision to postpone the conversations regarding the readjustment of Sino-Japanese relations until after the second plenary session of the Kuomintang's Central Executive Committee has been reached by Mr. Kawagoe, *Domei* learned July 6. Mr. Kawagoe left for Shanghai in the afternoon of July 8 to receive a report from Major-General Seiichi Kita, military attache to the Embassy, who conferred with high Japanese military officials in Peiping last week and returned to Shanghai July 7.

Mr. Kwagaoe conferred for half an hour on July 2 with Gen. Chang Chun, Foreign Minister. Following the interview, Mr. Kawagoe told *Domei* that the forthcoming conversations on the readjustment of Sino-Japanese relations would revolve aruond the "Three Point Program," first enunciated late last year by Koki Hirota, the then Foreign Minister. The Ambassador said that the problems of North China would occupy an important position on the agenda of the conversations. He added that, "to insure the smooth progress of the negotiations," he was "ready" to receive China's proposals and suggestions. Expressing his belief in the need for economic co-operation between Japan and China, Mr. Kawagoe declared that he intended to "devote my attention" to the economic development of this country, and especially its communications.

GAIMUSHO DISPLEASED AS KITA REFUSED TO ATTEND KAWAGOE'S PRESENTATION

The Tokyo Foreign Office authorities deplore the attitude of Major-General Kita, the military attache to the Japanese Embassy in China, who did not attend the ceremony of Ambassador Kawagoe's presentation of credentials, according to a report in *Japan Chronicle* July 2. General Kita's reason is that he must attend the conference of the Japanese military authorities in North China. The Foreign Office authorities take the line that as the Ambassador's presentation of his credentials is an important

function, General Kita ought to attend it, arranging for a change in the date of the North China conference. His attitude is regarded as particularly regrettable at a time when the need of the unity of defence and diplomacy is urged in many quarters. It is on record that Major-General Isogai, as military attache to the Japanese Embassy, did not attend Ambassador Ariyoshi's presentation of credentials, on the ground that his presence was needed at a Dairen conference.

KUWAJIMA GRATIFIED WITH NANKING'S EFFORTS TO IMPROVE RELATIONS

Gratification with the Nanking Government's "apparent efforts" to bring Sino-Japanese relations "to a normal channel" was expressed by Kazue Kuwajima, Director of the Gaimusho's East Asiatic Affairs Bureau, on his arrival at Nagasaki July 2 from Shanghai aboard the s.s. *Shanghai Maru*. Mr. Kuwajima's month's tour of "Manchukuo" and China was undertaken on instructions from Hachiro Arita, Foreign Minister, to learn at first hand the problems of the two countries, and especially to investigate the problem of smuggling in North China. North China, Mr. Kuwajima told *Domei*, is "enjoying peace, thanks to the East Hopei Autonomous Anti-Communist Government and the Hopei-Chahar Political Council." Japan, he added, must pay close attention to the student movement, since "it appears to have a foundation of radicalism."

AGED JAPANESE MONK TO GO TO MONGOLIA TO COMBAT "ATHEISM"

The Reverend Dr. Kakumin Ohta, who is 70 and who is an intimate friend of Premier Koki Hirota, will leave Tokyo on July 20 for Inner Mongolia "to revive Buddhism and to combat the evil of "atheism". The Rev. Ohta told *Domei* that he was going to Mongolia at the request of the Living Buddha of Molinmiao, Eastern Mongolia, and that he was determined to spend the remaining years of his life in that region. The priest is well known in Japan for his feat in remaining in Vladivostok during the Russo-Japanese war of 1904-05 disguised as a Korean.

JAPANESE TO ESTABLISH ELEVEN MORE CONSULATES IN CHINA

The Japanese Foreign Office has decided to increase the Japanese diplomatic representatives in foreign countries beginning from this fiscal year. Out of the total of 36 Japanese consulates to be established, 11 will be in China. These eleven Japanese Consulates will be established at Taiyuan, Suiyuan, Tatung, Paotou, Pailingmiao, Mishin, Hulin, Louho, Fuyuan, Tunghsin, and Kanchuer, in Shansi, Suiyuan and Inner Mongolia, reported *Sin Wan Pao* July 2.

IMPORTANT DEVELOPMENTS IN NORTH CHINA EXPECTED

Important political developments are expected in North China with the presence of the representative of General Han Fu-chu there. The problem of East Hopei has become part of the big issue of the entire North China problem.

Wang Kwang-ting, a representative of General Han Fu-chu, chairman of Shantung, called on General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council, June 3 and discussed with him the question of submitting a joint proposal, with General Han, to the forthcoming Second Plenary Session of the Central Executive Committee of the Kuomintang appealing for peace.

General Shih Ching-ting, a member of the Hopei and Chahar Political Council, arrived at Nanking July 5 from Peiping. General Shih is a close associate of General Sung Cheh-yuan, chairman of the Council.

Wang Keh-min, the new Chairman of the economic commission of the Hopei-Chahar Political Council, arrived at Tientsin July 7 from Nanking, where he conferred with high officials of the Central Government. Mr. Wang is succeeding Gen. Hsiao Chen-ying and is said to be closely linked with the Central Government.

Upon the return to the old capital of Chen Chung-fu, Chairman of the Foreign Affairs Committee of the Hopei and Chahar Political Council, from Japan, Chen Chueh-sheng, the acting Chairman, was relieved of his post by permission of Gen. Sung Cheh-yuan July 3.

FENGTAI INCIDENTS SETTLED WITH CHINESE ACCEPTANCE OF JAPANESE DEMANDS

Both of the recent Fengtai incidents were settled amicably at a conference between Chinese and Japanese officials in Peiping July 2. The first incident revolved around the alleged ill-treatment of a Japanese officer sent to invesgiatte the forcible removal by Chinese soldiers of some Chinese cavalry horses which had strayed into premises the Japanese recently took over for barracks.

The terms were :—

1. The Chinese troops garrisoned at Fengtai are to be transferred.
2. The Chinese brigadier is to visit the Japanese military headquarters and tender an apology.
3. The Chinese are to undertake that no such incident shall recur.
4. The battalion commander at Fengtai is to be deprived of his rank, though his services may be retained.
5. The mafoos in charge of the horses involved in the affair are to be dismissed.

The second incident, which centered on the alleged manhandling and detention of a Japanese merchant, is to be settled by the payment of damages to the man concerned.

According to a Chinese paper in Canton, Five Japanese representatives called on General Han Fu-chu at Tsinan, June 23 and presented the latter with three demands, which are :

1. That an autonomous government be established in Shantung.
2. That a portion of the Shantung provincial troops be disbanded.
3. That action taken against the Japanese smuggling be ceased immediately.

According to a report in *Canton Tse Shih Er Hang Shan Pao*, in view of the stern attitude of General Sung Cheh-yuan the Japanese have ordered Shih Yu-sen and several other traitors to kidnap General Sung's mother as a measure to force the North China leader to come to terms with them. Special precaution has been taken by General Sung to protect his family.

YUTIEN PEOPLE REVOLT AGAINST YIN JU-KENG

The people of Yutien staged an organized revolt in the evening of June 30. They attacked the Yutien city, protesting against the bogus East Hopei regime. The Peace Preservation Corps of the bogus regime stationed at Chenghua have been sent by Yin Ju-keng to the district to suppress this revolt.

Serious attention has been aroused among Chinese police and Customs authorities by the report that agents of Yen Ju-keng, figurehead of the Eastern Hopei Autonomous Council, have slipped into Shanghai on a purchasing mission. The secret information in the possession of the Bureau of Public Safety indicates that the agents are here to buy materials and equipment for the building of an arsenal in Eastern Hopei. All men in the police force of the Municipality of Greater Shanghai as well as those in the service of the Customs have been instructed.

RUMOR OF SEPARATIST MOVEMENT AMONG NORTHWESTERN COMMANDERS DENIED

The rumor circulated by Japanese newspapers in Shanghai that former Northeastern army commanders are planning a separatist movement from the Central Government was emphatically denied July 6 by a member of the Central Executive Committee who has arrived in Shanghai from the Northwest. The rumor alleges that a meeting was recently held at Sian by former Northeastern leaders at which decision to establish an independent government is alleged to have been reached. The independent regime, the rumor further alleges, is to tolerate the communists and solicit the support of Soviet Russia. Interviewed by Chinese pressmen, the C.E.C. member branded the whole report as pure fabrication. He said that Gen. Chang Hsueh-liang, Vice-Commander-in-Chief of the Northwestern Bandit-Suppression Forces, is now busily engaged in the drive against the bandits in the Northwest and several conquests have been scored by the Northwestern army under his command, notably the recent occupation of Wayaopu, a stronghold of the bandits in Shensi Province. Another report also published in local Japanese papers alleges that the communists under Mao Tseh-tung and Hsu Hai-tung following their retreat from Shansi are now attempting to cross the borders of Suiyuan and Ninghsia Provinces in the hope of entering Sinkiang by way of the highway from Suiyuan to Sinkiang to establish contact with Soviet Russia. This was also denied in a telegram from Lanchow, Kansu Province, issued by the *Central News Agency*.

ANTI-RED CAMPAIGN IN NORTHWEST REVIEWED BY GEN. SHU FONG

General Shu Fong, Director of the Staff Department of the Northwestern Bandit-suppression Headquarters, Sian, has issued a lengthy report reviewing the bandit-suppression campaign in the Northwest from November, 1935 to June this year. The report is divided into three parts. Part I deals with the anti-Red activities in Northern Shensi and Shensi-Kansu border, where the government forces were first consolidated and defenses strengthened and then a general campaign launched against the Communist hordes, which, after being badly defeated in several major battles, fled eastward toward Shansi. By the end of March 1936, all the important Red leaders such as Mao Tse-tung, Hsu Hai-tung, Peng Teh-huai and Lin Piao, says the report, fled across the Yellow River and invaded western Shansi. Part II describes briefly the campaign in Shansi, where after considerable fighting the Reds were finally ejected and driven away. The last Part is entitled "What do we learn from our eight-month's maneuvering against the Shensi Reds?" Among the lessons learned are 1, the general headquarters must keep in close touch with the different units so as to facilitate direction; 2. adequate preparedness against geographical difficulties of particular localities, such as improved means of communications; 3. propagana work and political rehabilitation of recovered areas—necessary to attainment of military success; 3. building of roads and fortifications is of supreme importance as a means of strengthening defenses; and 5. rigid discipline must be maintained in the army so as to ensure co-opetation between the people and the troops.

Japanese Writer Flays Mitsuis and Other Rich Feudal Families of Japan

Under such headings as "Big Capitalists Camouflage Themselves to Show Their Pentitence"; "Private Financial Empires in Japan Are Under Such Heavy Fire from Fascist Camp that They Are Making Efforts to Deceive Public into Belief They Have Reformed from Evil Practises of Past Years and Decades"; "House of Mitsui Is Particular Object of Hatred Because of Its Greed for Profits at Any Price and Regardless of Who May Be made to Suffer; Powerful Iwasaki Family of Mitsuibishi Is Next Best Hated, "—Hidekichi Wada, editorial writer of *Chugai Shogyo*, has been writing some slashing articles in the *Nippon Hyoron*, on the economic situation in Japan. The articles are of peculiar interest because of the inroads of Japanese industrialists in North China, where cotton, coal, iron, railway construction and communications generally are being developed as part of the Japanese plan to dominate North China economically. The following are extracts:

"Radical elements in Japan, mostly of a Fascist tendency opposed to the ruling class, have been making persistent attacks upon the capitalists, who are the financial stronghold of the ruling class ever since the Manchurian Incident of 1931. The attack centers particularly around Mitsui, because it is the largest of all financial organizations and the pivotal factor in the realm of the capitalistic activity.

"The term 'big capitalists' as employed in this country implies firms such as Mitsui, Mitsubishi, Yasuda, Sumitomo, Okura and a few others whose wealth is considered tremendous. The Mitsui organization stands out among them because of the magnitude of its wealth and wide scope of activity. Its controlling center is the Mitsui Gomei Kaisha, an unlimited partnership, capitalized at Yen 300,000,000 subscribed in its entirety by the 11 branch families of Mitsui.

"Profit first or a greed that knows no limit, is envisaged most blatantly in the business methods of the Mitsui Bussan Kaisha. Since its inception in 1876, this firm has built up numerous commodities in international trade. Take Japan's trade with the South Seas for instance. Some Japanese pioneer merchants went to these far-flung islands in the genesis of Japan's export activity, and gained a small share of the market by dint of great endeavors in the face of unfavorable climatic conditions and constant exposure to epidemics. On discovering that their business had been established on a paying basis and that Japanese goods were well introduced, the Mitsui Bussan Kaisha sent representatives there, mobilized its overwhelming capital, and finally seized the markets for its monopolistic enjoyment, thus plunging the pioneer traders into a hopeless state or into liquidation.

"Public resentment against Mitsui, which was formerly latent though acute in some sections, found open expression in 1931, when the firm speculated very heavily in the foreign exchange market in anticipation of Japan's second embargo on gold exports and the consequent depreciation of the yen. The speculation was assailed as an act of disloyalty and selfishness, and critical comment was poured upon Mr. Ikeda, then chairman of the board of directors of the Mitsui Bank.

"During his tour of Europe and America in 1930, Mr. Ikeda studied the business and social policies of capitalists there and seemed to realize the necessity of doing away with the reckless practices which had been committed in the past. On returning home, he advised the late Baron Dan to abandon his policy of reckless greed for profit, which might have been necessary in the earlier stages of capital growth. His advice was accepted and approved by the late Baron, who, however, fell victim to an assassin.

The First Sign of Penitence

"The first ostensible move of the Mitsui family to show its penitence was the establishment of the Mitsui Requital Foundation, a foundational judicial person endowed with Yen 30,000,000, whose primary objective is to extend financial aid to social welfare. The second move, which was published soon after, was the opening to the general investing public of a portion of its share holdings in some of the subsidiary corporations which it controls.

"This move was acclaimed and favorably accepted, for it was interpreted as a demarche to abandon the right of absolute control and make the public eligible to the profits to be earned by these firms. Other people contended that the concession of the shares not only would fail to break Mitsui's control but afforded the firm a considerable amount of capital which might be invested further in other and more profitable industries. According to this view, the gesture was no more than an extreme form of commercialism thinly veiled under the plausible name of reformation."

"Mr. Yaskawa's resignation as chief executive of the Mitsui Bussan Kaisha was the third attempt to make this plutocracy appear itself smaller and to allay the resentment of the public. As a merchant, he is gifted with a rare talent and is alert to the best business chance. He managed the big trading concern almost like his personal property. It was, however, charged they he never forgot to care for his own interests well as for his master's. Not only Mr. Yasukawa but also the Mitsui Bussan Kaisha was subjected to a long drawn-out accusation for shipment of industrial salt to Marshal Chang Hsueh-liang, who was then intent on increasing his armaments with a view to combatting Japan after the Manchurian Incident, and for the disposal of a large quantity of wire entanglement to the 19th Route Army of China which put up a desperate resistance against the Japanese forces in Shanghai. These shipments, though purely commercial transactions, could not but provoke the anger of the nation from the standpoint of patriotism and morality."

"The two biggest plutocrats of Japan—Mitsui and Mitsubishi—have long acted in concert in their social policy. If the former made a donation of a million yen to a certain cause, then the latter was always willing to contribute an equal sum.

"Mitsui has had to take upon itself the whole venom of anti-capitalism on behalf not only of Mitsubishi but also of Sumitomo Okura and all others. The reason is not far to seek. Mitsui controls a capitalist kingdom larger than does any other, and its business principle has been one of aggressive commercialism sweeping over all lucrative fields, no matter how small might be their annual trade, at the expense of the bulk of small scale industrialists and traders. Typical of this principle is the Mitsui Bussan Kaisha, the trading machinery of the plutocracy. It is capitalized at Yen 100,000,000, and controls a large number of subsidiaries and affiliated corporations.

"The Mitsubishi Trading Company restricts its activity within the fields which it deems proper, or at least natural, for a trading and industrial capitalist, but the Mitsui Bussan Kaisha goes beyond these limits and trespasses upon minor fields, even such as milk, apples and fodder for domestic fowls, all of which bear directly upon poor merchants and the general consuming public.

"Mitsubishi is not at the mercy of its employed directors, contrary to the Mitsui method. The head of the Iwasaki family, owner of the Mitsubishi interests, has held personal sway over its interests ever since its inception. This accounts for the fact that it lacks as many able executive leaders as the Mitsui.

"Baron Koyata Iwasaki is practical leader over the vast Mitsubishi interests, but he does not know the world, nor know how to cope with the present tide running against all capitalists."

"While all capitalists were engrossed in the problem of how to protect themselves and evade public resentment, antipathy was running still more acutely against the ruling class and its financial stronghold—the plutocratic firms—culminating in the uprising in Tokyo on February 26 last. This incident must have been motivated by more than simple anti-capitalist hatred, but the shock it caused to capitalists was very great. The upshot thereof was the retirement of Seihin Ikeda on April 30 after 41 years' service in the House of Mitsui."

Baron Sumitomo Highest Taxpayer in Japan

The *Tokyo Nichi Nichi* June 26, stated that Baron Kitchizaemon Sumitomo, young heir to the vast Sumitomo interests, has been found to be the highest income tax payer in Japan with Yen 800,000 for an annual income of Yen 3,000 000. In the Kwanto district (Eastern half of Japan) Baron Takakimi Mitsui leads the list with a payment of Yen 662,352, followed by Baron Hisaya Iwasaki whose payment amounts to Yen 522,893. Last year Baron Iwasaki topped the list with Yen 510,740, with Baron Mitsui coming next with Yen 326,082.

Next to Baron Mitsui and Baron Iwasaki come also members of the two millionaire families, Baron Koyata Iwasaki with Yen 449,312, Genemon Mitsui with Yen 318,000. Genzo Hattori, Baron Kaishichiro Okura and Hikoyata Iwasaki pay sums above Yen 200,000.

Mitsui and Sumitomo Venture into Auto Field Opposed by Industry Ministry and Army

With the enforcement of the automobile manufacturing industry law near at hand, it has been reported that the Mitsui and Sumitomo interests will cut in on the automobile industry which has heretofore been in the hands of the Nissan (Japan Industry Company) Automobile and the Toyoda Automobile and Loom Company. Opposition to the venture of the Mitsui and Sumitomo is expected to come into the open from a section of the Commerce and Industry Ministry and the Army which fear that their additional manufacturing of automobiles would result in overproduction judging from the circumstances past and present of domestic demand for automobiles.

Lieut.-Col. Aizawa Executed; 17 Tokyo Mutineers to Die

Deprived of court and military rank, Saburo Aizawa, convicted murderer of Lieut.-Gen. Tetsuzan Nagata, director of the Military Affairs Bureau of the War Office, was executed July 3 by a firing squad in the yard of the Tokyo Military Prison following an announcement that his appeal had been rejected.

The Higher Court Martial June 30 confirmed the sentence passed upon the defendant by the court martial of the First Division. In a special communique, the Tokyo War Office revealed that after a seven-day hearing, which began on June 23, the Higher Court rejected Lieut.-Col. Aizawa's appeal for clemency.

Immediately after execution his body was cremated, and the ashes were taken back to his native place in Miyagi Prefecture by 28 relatives and friends.

Aizawa was convicted of murder, grievously assaulting and attacking a superior officer with a military weapon under the provisions of the Military Penal Code.

The late Lieut.-Col. Aizawa, on Aug. 12, 1932, fatally slashed Lieut.-Gen. Nagata with his military sword, holding his victim responsible for hindering the progress of the "Showa restoration" which the defendant espoused, and for the removal of Gen. Jinzaburo Mazaki from the post of Inspector-General of Military Education.

During his court martial trial, Aizawa accused the moneyed group, the elder statesmen and the genro of impeding Japan's progress and of attempting to utilize the Imperial Army for their own narrow ends.

Called in to testify at the trial were such high officers as Gen. Mazaki; Gen. Sadao Araki, former minister of war; and Gen. Senjuro Hayashi, then war minister.

17 Tokyo Mutineers Get Death Sentence

In a grim sequel to the mutiny of Feb. 26, the Tokyo War Office at 2 a.m. July 7 announced that seventeen military and civilian leaders of the uprising had been sentenced to death. The list of sentenced men included former Captains Kiyosada Koda and Teruzo Ando, who, together with the late Captain Shiro Nonaka, formed the "brain trust" of the rebels. Captain Nonaka blew his brains out with a revolver shot at Sanno Hotel on Feb. 29, while his fellow-mutineers were returning to their regimental barracks. Former Captain Ando's attempt at suicide failed.

Four civilians on the list of condemned men were: Koji Muranaka, Asaichi Isobe, Zensuke Shibukawa and Genichi Mizukami. All four are former officers, deprived of their rank for the publication of sub-rosa pamphlets, dealing with the assassination of Lieut.-Gen. Tetsuzen Nagata, Director of the War Ministry's Military Affairs Bureau, by Lieut.-Col. Saburo Aizawa, executed by a firing squad on July 4.

Other former officers sentenced to death were: Lieut. Yasuhide Kurihara, who took a leading part in the rebellion; Lieut. Katsuo Tsushima; Lieut. Tsuguo Takehima; Lieut. Kimei Nakahashi; Lieut. Seichu Nifu; Lieut. Choku Sakai; Lieut. Katsu Tanaka; Second Lieutenants Kanji Nakajima, Yu Yasuda, Hachiro Hayashi and Taro Takahashi.

Five other officers, Second-Lieutenants Seisei Mugiya, Minoru Tokiwa, Kinjiro Suzuki, Yasuhei Kiyohara and Toshihiko Ikeda were sentenced to life imprisonment. Second Lieut. Yoshimichi Imaizumi was given four years of penal servitude.

Prison terms ranking from 18 months to 15 years were returned against 44 former non-commissioned officers. Of this number 27 sentences, providing for imprisonment for less than two years, were made conditional, for a term of three years.

The Court-martial's findings indicated that the defendants were influenced by the so-called "Blood Brotherhood Conspiracy," leading to the assassinations in the spring of 1932 of Jyunnossuke Inoue, Finance Minister and of Takuma Dan, chairman of the board of trustees of the Mitsui Company; the subsequent May 15 Incident when naval and military cadets murdered Premier Tsuyoshi Inukai, and the slaying on Aug. 12 last year of Lieut.-Gen. Tetsuzan Nagata, director of the Military Affairs Bureau of the War Office, by Lieut.-Col. Saburo Aizawa, an associate of the cashiered officers who participated in the rebellion, into taking direct action to achieve their objectives.

The official analysis of the causes of the uprising declared that the leaders were motivated by "a keen realization of the necessity of effecting a national reform by drastic means so as to make manifest the true aspect of the Japanese Empire by overthrowing the privileged classes." These included, according to the communique, the elder and senior statesmen, the bureaucrats, leaders of the various military cliques, the political praties and the rich, who, the insurgents believed, were responsible for the straitened circumstances now confronting the nation. Such groups were also held guilty by the rebels of the alleged infringement of the prerogative of supreme command held by the Emperor because of the parts they are said to have played in obtaining Japan's signature to the London Naval Treaty, in spite of the opposition to the pact of the naval members of the Supreme Military Council.

Those killed in the uprising were:—Viscount Makoto Saito, Lord Keeper of the Privy Seal and former Premier; Korekiyo Takahashi, Minister of Finance; Gen. Jyotaro Watanabe, Inspector-General of Military Education; and Col. Denzo Matsuo, mistaken for his brother-in-law, the Premier, Admiral Keishke Okada, who was the intended victim of the rebels. Those marked for assassination, as disclosed later, but who escaped, were: Prince Saionji, the last of the Genro; Baron Kishichiro Okura; Seihin Ikeda, of the Mitsui Co.; and, as above mentioned, Premier. Okada.

Three Suggestions Made to Stimulate Japan's Foreign Trade

Three proposals to promote the foreign sales of Japanese articles were made at a meeting of business leaders and four state ministers held under the auspices of the Tokyo *Asahi Shimbun*, leading Tokyo daily, June 30. Recommended were:

1.—The strengthening of Japan's foreign trade front by the exercise of further control on exports by means of closer co-operation between the government and business circles.

2.—Promotion of markets in Europe by developing direct trade connections.

3.—Creation of a trading corporation to aid industrialists of limited means who provide about Yen 125,000 worth of exports every year.

Forty-nine cases of restrictive measures imposed by foreign powers on Japanese goods during the last year were discussed at the meeting, which lasted six hours.

Ministers present were: Hachiro Arita, Foreign Affairs; Dr. Gotaro Ogawa, Minister of Commerce and Inudstry; Dr. Eiichi Baba, Minister of Finance, and Toshio Shimada, Minister of Forestry and agriculture.

Finance Office to Prevent Flight of Capital Abroad

For fear that there is a tendency for capital to make flight abroad since the February 26 Incident as the result of strengthened controlled economy and the low money rate policy, the Tokyo Finance Office is considering the strengthening of the existing exchange control law in order to prevent flight of capital and has exercised stricter cntrol over exchanges by administrative steps.

Daily Meetings to Be Held by Japanese Cabinet to Discuss "National Policies"

Confronted by an avalanche of "important national policies" submitted by various ministries for enactment, the Japanese Cabinet will hold daily extraordinary meetings beginning July 12. The draft proposals for reform in national administration, formulated in keeping with the pledge for a "renovation" of the country's life made at the time of the formation of the Cabinet soon after the February 26 rebellion, are being considered by the Ministers to form the basis of a Japanese "new deal."

Japan's Unfavorable Trade Balance Reaches Yen 314,000,000

With an unfavorable balance of Yen 2,968,000 registered by Japan's foreign trade during the last ten days of June, the total adverse balance for the first half of the current year has reached Yen 314,350,000, according to the Tokyo Finance Ministry. The exports for the ten-day period were valued at Yen 79,751,-000 and imports at Yen 82,719,000 showing the smallest unfavorable balance for a ten-day term in months.

Japanese to Convert More Bonds at Lower Interest

Spurred by the success of its efforts along similar lines, the Ministry of Finance is reported to be considering the conversion of about Yen 500,000,000 of five percent bonds maturing in 1934 to 1937 into 3½ percent certificates about the middle of August.

Australia Strengthens Restrictions on Nippon Goods

Further strengthening its restrictions on Nippon-made goods, the Canberra Government July 7 enforced a special licensing system on the imports of Japanese commodities, The new regulations complement a general licensing system, clamped on 86 items of imports from foreign countries, save Great Britain, on May 23. Japanese products affected by the new decree include silk textiles, silk yarn, cotton textiles, miscellaneous boods and manufactured commodities. Insect power and calico are excluded from the provisions of the new regulations.

Japan's Cotton Textile Exports Show 10 Per Cent Drop

Despite increased sales of cotton textiles to Europe and Manchukuo, the total exports of cotton cloth from Japan for the first half of this year registered a sharp drop, as compared with the corresponding period of last year. The total yardage of exported cotton textiles reach 1,323,237,000, valued at Yen 227,-633,000, showing a loss of 4.5 per cent in amount and 10.6 per cent in value in comparison with the first half of 1935.

Japan Refuses to Join International Steel Cartel

Contending that Japan has not yet reached the stage of satisfying her home demands in steel, Nipponese steel manufacturers will decline to join the international steel cartel, according to *Domei*.

Japan to Press for Peruvian Reconsideration

Instructions to press the Peruvian Government for a reconsideration of its new immigration statute limiting aliens to two

percent of the total white population of the country were issued by Hachiro Arita, Foreign Minister, to Yoshiatsu Murakami, Japanese Minister at Lima, July 6.

Twenty-two Chinese Graduate at Tokyo War Academy

Twenty-two Chinese cadets were graduated June 29 from the Tokyo Military Academy. The group formed a part of the Academy's 42nd graduating class of 420, of whom nine hailed from Manchukuo, and one from Siam.

Tokyo Has 9,925 Geisha Girls

The latest investigation into the number of the geisha establishments and that of geisha in the so-called flowery world reveals that in the city of Tokyo alone there are 3,674 geisha houses and 9,925 geisha, of whom 9,179 are grown-ups and 746 young, immature geisha known as hangyoku. The geisha establishments compose 56 geisha guilds. Asakusa Ward tops the list with 296 establishments and 595 grown-up and 63 immature geisha, followed by Shimbashi, Yoshicho, Ushigome, Yanagibashi and Akasaka in the order named. Asakusa Ward, in which the amusement center is located, has always led the list in recent years. In the former city limits the number of geisha establishments is subject to little change but in such new city zones as Omori, Oi and Mukojima expansion has been rapid during the last two or three years. Statistics show that the number of geisha in the whole of Japan has decreased in the past decade.

Soviet Fishing Steamer Aground in Kuriles—Japanese Aid in Rescue

The Soviet steamer *Cima* went aground half a mile off Point Nemo, in the Kurile Islands, on the night of July 2, having on board 1050 persons, mostly Russian fishermen. A dense fog surrounded the district at the time. Several Japanese vessels immediately responded to the Russian ship's S. O. S. call and assisted Russian vessels in bringing all the marooned passengers to safety. Acting on the request of the Soviet Embassy in Tokyo, the Tokyo Foreign Office instructed the Foreign Affairs Section of the Hokkaido Prefectural Office to take all necessary steps to give assistance to the distressed ship. Simultaneously, the Ministry of Communications granted permission to Soviet ships racing to the rescue to enter "closed" ports and the "semi-fortified" zone, should necessity arise. The *Cima* was refloated June 8 and proceeded to Petropavlovsk.

China to Organize Bank-Note Printing Company

A number of conferences were held last week between the representatives of the Central Bank of China, the Bank of China, the Bank of Communications, and the Chung Hwa Book Company for the organization of a Chinese bank-note printing company. According to the *Sin Wen Pao*, definite plans will be taken in the near future for the organization of the company, which when completed will print all the paper notes issued by the Government banks in the future.

Increase of Judicial Expense for Coming Year Noted in Budget

Improvement of the judicial machine in China for the coming year is predicted with the increase of judicial expenses as noted in the Budget Estimates for the 25th fiscal year. The total expenses allotted to the judicial branches of work amount to $3,240,898 for 1936-37, showing an increase of $276,868 as compared with 1935-36. Of the amount, it is learned, $2,133,015 are administrative and reserve funds while $110,783 are earmarked for reconstruction funds.

Shantung Wants to Float Million Dollar Loan

The Executive Yuan July 3 received a request from the Shantung Provincial Government to float $1,000,000 short-term provincial bonds to make up the treasury deficit and to meet famine relief purposes. The Ministry of Finance is considering the matter.

Budget of the City Government of Greater Shanghai Exceeds $10,000,000

According to the Commissioner of Finance of the City Government of Greater Shanghai, the budget of the city for the fiscal year 1936 37 exceeds $10,000,000. The *China Times* states that because of the serious financial difficulty in Shanghai and the general depression, the City Government of Greater Shanghai is facing serious financial difficulties in carrying out its many projects of reconstruction.

Szechuan Discusses New Administrative Measures

An outline of new administrative measures for enforcement during the 25th fiscal year (July, 1936-June, 1937) was discussed at a meeting of the Departmental Commissioners and members of the Szechuan Provincial Government Committee summoned by by General Liu Hsiang, the Chairman, at Chengtu June 25.

Whether, after the adoption of the standard currency system, the Kwangtung provincial government is to be allowed to issue subsidiary notes constitutes the focal point in the Nanking-Kwangtung controversy concerning monetary reform in Kwangtung according to information from financial sources.

Szechwan, Faced with Ten Million Deficit, Pays at a Discount

To make up the $10,000,000 deficit estimated for the new fiscal year which began July 1, all political and military payments in Szechwan will be issued at 20% discount, according to an announcement made in Chungking, July 5.

The Hopei Provincial Treasury faces a deficit of over $5 millions, according to Chia Yu-chang, the Provincial Commissioner of Finance.

Kwangtung to Adopt Big Money System

The negotiations between H. O. Tong, Superintendent of the Shanghai Customs, who went to Canton on behalf of the Ministry of Finance, and the Kwangtung leaders, including General Chen Chi-tang, Lin Yung-kai and Ou Fang-pu are reported to be satisfactory. The Kwangtung authorities have decided to adopt the big money system.

Central Bank to Erect New Building for Nanchang Branch

With the approval of Dr. H. H. Kung, Minister of Finance and concurrently Governor of the Bank, the Central Bank of China has decided to erect a building for its Nanchang branch at a cost of $200,000.

Chinese Arrested as Counterfeiter, Former Servant of U.S. Colonel in Peiping

A printing press used for making counterfeit banknotes was discovered by Peiping police in a raid on a house July 5. The discovery of the plant partially removed the mystery surrounding the appearance of large numbers of counterfeit banknotes in the former capital. The printing press was alleged in Chinese dispatches to belong to an American naval officer who had returned to America and had handed the machine to his Chinese servant for custody.

The Police arrested one Shu Ching-shan, a servant attached to the household in Peiping of Colonel and Mrs. Isaac Newell, U.S. Army retired, previously commander of the U.S. Fifteenth Infantry in Tientsin, now in America. Shu is alleged to be at the head of the counterfeiting gang long circulating cleverly designed and printed Chinese banknotes. The Newell home at Peiping is an ancient palace converted for residence purposes. When the Newells went to America last January they rented their home to Roy Chapman Andrews and bride, who were honeymooning there. Andrews is the head of the American Museum of Natural History and previously resided in Peiping and was the leader in the Museum's numerous expeditions to Mongolia, where he discovered the thousands-of-years old dinosaur eggs. The Chinese authorities later cancelled the expedition's privileges. Mr. Andrews and bride sailed for the United States from Shanghai aboard the s.s. *Empress of Japan* June 29. The servant in question is well known in Peiping. He once served as the guide for officers of an American goldmining company in Urga, Mongolia. The Peiping police allege the servant operated the press and kept large stocks of Japanese-made banknote paper, ink and other supplies in the Newell residence, where prominent foreigners, including members of the diplomatic Corps have been frequent guests.

Income Tax for Foreigners in China?

While details of the regulations have not yet been announced, the Chinese press understands that the Chinese authorities propose that foreigners resident in any part of China should pay income tax on the same basis as Chinese nationals.

Salaries, business profits and income derived from other sources would all be liable to the tax.

Income Tax Law Given Set-Back by Legislative Yuan

After an unusually stormy session July 7, the Legislative Yuan again referred the Income Tax Law Bill tabled by the Ministry of Finance to a sub-committee for further examination. This important financial document, the outcome of which was watched with keenest interest by all circles, thus did not pass the Legislature House as smoothly as was hoped and has to undergo further minute studies before it will be approved. Heated debate arose during the reading, which was chiefly centred on the rate of the proposed tax and its method of collection. The opposition maintained that the rates are unfair and the collection method open to question.

Particular objection was raised in the course of the debate by a large number of legislators over the fact that the Bill proposes to tax business profits on the basis of the income, rather than the net profit, of such business.

Dr. H. H. Kung, Minister of Finance, to the Executive Yuan in support of the income tax proposal said—"The modern system of taxation stresses the enforcement of direct taxation. Of direct taxes, the Income Tax is the most important. The merits of the Income Tax are the justness of its rates, which tend to equalize the burden on the poor and the rich, and the universality of its source of revenue, which serves to assist in adding to the revenue of the National Treasury."

Manchukuo Isues Statement on Rendition of Extrality

Approximately 1,200 nationals of 13 foreign countries other than Japan will completely lose their extraterritorial rights when the Manchukuo Government cancels the privileges granted to them by the Chinese authorities, according to the Hsinking Foreign Office.

A census conducted in November, 1935, showed the following national distribution: Britons, 389; Hindoos, 9; Frenchmen, 187; Italians, 39; Danes, 141; Dutchmen, 33; Swiss, 42; Canadians, 72; Americans, 212; Belgians, 25; Swedes, 18; Portuguese, 5; Norwegians, 7.

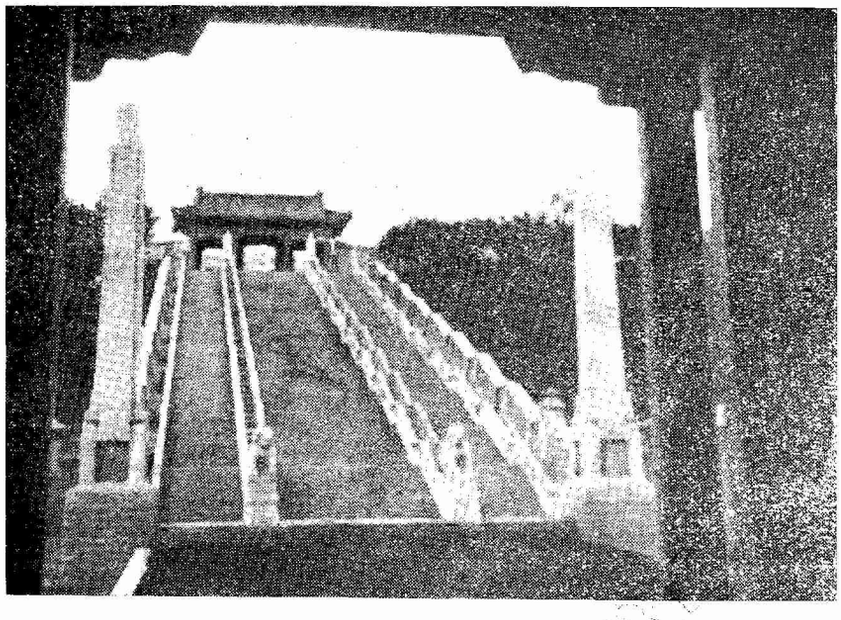
In a statement issued July 1 on the occasion of the application of the treaty for the gradual rendition of Japanese extrality rights in the new Empire, which was signed in Hsinking on June 10, Chang Yen-ching, Foreign Minister of Manchukuo, declared that "it is self-evident in the light of international law and usage that Manchukuo having seceded from China was not bound to assume such obligations as those imposed by the extraterritoriality system in China." "Therefore," he continued "there can be no discrimination between the status of nationals resident in Manchukuo of countries which enjoy extraterritoriality and those which do not."

The statement declared that the nationals of the first group have been treated in Manchukuo as if they enjoyed extrality rights, but that such an act of favor would be "discontinued." Mr. Chang set no date for the abolition of the privileges.

At the time of the founding of the new Empire, his declaration said, the Hsinking Government issued a statement and addressed communications to foreign powers assuring them that Manchukuo would respect their rights acquired by virtue of treaties concluded with China. These treaties, the original statement had said, Manchukuo was bound to observe in accordance with international law and usage. But more than four years had elapsed since the statement was issued, and very few powers responded to it. This, Mr. Chang's declaration asserted, has reduced the communications and the original statement to a unilateral expression of principles of Manchukuo's foreign policy. Thus, the Hsinking declaration continued, the powers which left the communications without attention are not entitled to claim any rights on the strength of those documents.

Foreign, non-Japanese, residents of Manchukuo will be subject to taxation and other Manchukuo laws to the same extent as Nipponese subjects, a spokesman for the Foreign Office stated in Hsinking July 3. Citing the case of Harbin as a specific instance, the spokesman declared that the new levies would be the same as those which had been previously collected by the municipality by virtue of its charter as a special city under the former Chinese regime.

WRECKAGE OF MANCHURIAN WARLORD'S TOMB IN MANCHUKUO



The stairway leading to the unfinished and now wrecked and abandoned tomb which was intended as the last resting place of the late Field Marshal Chang Tso-ling, for many years dictator of the Manchurian provinces and on several occasions also ruler of a considerable portion of China. When Marshal Chang was killed in 1928 by a well placed bomb in a viaduct under the Japanese railway at Mukden, his family and the Manchurian Government planned an elaborate tomb in the Yuanshuai forest at the foot of the Shuilungwo mountains in Fengtien province.

The picture at the right indicates the wrecked and disordered condition of the elaborate tomb planned as the last resting place for the late Marshal Chang Tso-ling, ruler of Manchuria. Before the tomb could be completed, the Japanese seized Mukden, capital of Manchuria and the work on the tomb was suspended. The body of the late Marshal is still in Mukden awaiting burial, hence the spirit of the once powerful Chinese warlord is, according to the traditional Chinese belief, as troubled in death as it was in life.

British to Test Extraterritorial Move

The British Ambassador, Sir Robert Clive, called on the Foreign Office in Tokyo July 4 and is reported to have requested the immediate release of an Indian jeweller recently taken into custody by the Manchukuo police at Changchun. The Incident, it is believed, will serve as a test case relative to British extraterritorial rights in Manchukuo.

Because the policy of non-recognition of Manchukuo has been of benefit only to Japan, sentiment in England in favor of the recognition of Italy's annexation of Ethiopia is gaining ground, according to the diplomatic editor of the London *Sunday Times* in an article in the issue of July 5.

Japanese Mining Party Trapped by Bandits Near Tunghua

Five Japanese mining engineers and two Japanese guards were killed, two other Japanese wounded and one abducted when a group

of 22 employees of the Chinchiang Mine in east Antung Province were suddenly attacked by a band of some 40 bandits on their way from the mine to their homes at Tunghua, Antung Province, about 3 p.m. June 29, near Huatientzu, seven kilometres southeast of said city. The Japanese killed included Mr. Hashimoto, operator of the mine. A Japanese punitive force was rushed to the scene.

Attempted Assassination of Manchukuo Official

Chang Hai-pang, important Manchukuo official, was slightly injured June 27 by three young men, believed to be White Russians, who made an attempt on his life at Anta, when he was on an inspection tour. A rigid search was immediately conducted at the White Russian Club, but no arrest was made.

Anti-Japanese Volunteers Continue Active in Manchuria

More than 200 anti-Japanese volunteers, under command of Lu Lin-hung, launched an attack against the Japanese troops in the Milin district in Pingkiang Province, Manchuria, on June 27, according to a belated report received in Harbin. After two hours' of fighting, the Japanese were defeated and a number of Japanese officers were killed.

Capt. Murayama Killed Repelling Bandit Attack on Train

Captain Koji Murayama, adjutant of the Nagahiro unit belonging to the Kawamura Detachment from Tokyo was killed June 26 when a train on the Muling Railway, a branch-line of the Harbin-Pogranichnaya Railway in east Pinchiang Province, was suddenly attacked by a party of some 300 bandits north of Santaohotzu Station.

Japanese Punitive Force Routs Bandits

A Japanese punitive unit engaged and routed a group of some 300 armed bandits in the vicinity of Entaokou in northern Fengtien Province, on the afternoon of June 18, reports reaching the headquarters of the Sonobe Detachment in Mukden June 19 stated. Five Japanese soldiers are reported to been wounded in the engagement, while the reports stated that the routed marauders left 26 bodies behind them.

Japanese Sergeant-Major Killed in Clash with Bandits

Special Sergeant-Major Kaoru Kamiya was killed in action when the Nagata unit encountered a group of some 100 bandits at 4 p.m. June 27 to the west of Harbin. Following two hours of a heavy engagement, the marauders were repulsed. The Nagata unit belongs to the Kawamura Detachment recently arrived in Manchuria from Tokyo.

Two Japanese Officers Killed Near Soviet Border

Two Japanese officers were killed on the morning of June 26 when four Japanese soldiers patrolling near the Japanese barracks at Suifenho on the Manchukuo-Soviet border in the eastern part of Sanchiang Province were suddenly fired upon by unidentified snipers at about 7 a.m.

Three Japanese Guards' Bodies Found—Were Shot By Bandit Gang

Three Japanese guards belonging to the Manchukuo frontier patrol stationed north of Kupeikou, who were reported missing since June 10, were found to have been killed by bandits according to information reaching Jehol city, June 19. The three Japanese, it was reported, together with three others, were on their way to Yunganpu, on the southwestern border of Jehol Province, on patrol duty on the morning of June 10, when the party was suddenly attacked by a group of 300 armed bandits. The Japanese, it was further reported, set up a stiff resistance against the attackers, but heavily outnumbered, three of them were finally wounded and carried away by the marauders.

Japanese Soldier Killed in Battle with Bandits

One Japanese soldier was killed and two others wounded in action June 18 when the Mizutani unit encountered a group of about 200 bandits near Mulan, some 60 miles east of Harbin.

Bandits Attack International Train

An international train, which left Harbin June 27 was suddenly attacked by a group of bandits at a point between Jenghiskan and Jalantun, west of Tsitsihar, about 7 p.m. the same day. Upon being fired on by the marauders the train came to a sudden halt and a squad of railway guards aboard the train returned the fire of the attackers. The fighting lasted about 15 minutes, the outlaws being forced to retire. One Manchukuo guard is reported to have been wounded.

Manchukuo Officials Who Supported Volunteers Executed by Japanese

Twenty-five Manchukuo officials, including the magistrate of Tungho Hsien in Shankiang Province, Manchuria, were executed recently by the Japanese on the charge of assisting the anti-Japanese volunteers. These persons were arrested on June 25 by the Japanese military authorities and after a number of trials were sentenced to death.

According to Japanese sources, these people helped the anti-Japanese volunteers under the command of Chao Shang-tze and as a result, heavy losses were sustained by the Japanese forces in the past few months.

Volunteer Leader Arrsted by Japanese in Manchuria

Han Kwei, Anti-Japanese Volunteer leader, was arrested by the Japanese last week in the Fangchen district. He had been very active in leading anti-Japanese volunteers to attack Japanese and Manchukuo troops.

Manchuria Oil Firm to Double Capital

Rejecting the Manchuria Petroleum Company's request for permission to raise its present capital to Yen 15,000,000, the Ministry of Industry has informally permitted the concern to double its capitalization to Yen 10,000,000.

Japanese to Install New Hydrogenation Plant

Bringing the total number of coal hydrogenation plants, projected by Japanese firms to three, the Chosen Nitrogen Co., last week filed an order with the Kobe Iron Works for processing machinery capable of extracting 50,000 tons of gasoline from coal each year. Scheduled to begin operations at Konan, Korea, in April next year, the plant, together with those planned by the South Manchuria Railway Co., and the Mitsui interests, will assure Japan a supply of 100,000 tons of gasoline each year, experts said.

Three New Railways Start Operation in Manchukuo

Three new railways in Manchuria were opened to traffic July 1: The Mutankiang-Linkow Railway, 110 kilometers; the Linkow-Mishan Railway, and the Solun-South Hsingan Railway, 130.8 kilometers. While the first of these two lines nearly parallel Manchukuo's eastern border with Soviet Russia, the third forms a spear-head pointing at the border with Outer Mongolia.

Oriental Travel Service to Open Hotel at Shanhaikwan

A large hotel, erected at a cost of Yen 100,000 by the Oriental Travel Service, will open at Shanhaikwan, August 1.

Mukden Arsenal to Be Reorganized

The formation of a semi-official company named the Mukden Arsenal, Ltd. was authorized by the Manchukuo government July 4 with the granting of a special charter. The Mukden arsenal, formerly owned and operated by the late Marshal Chang Tso-lin, and later by his son, Gen. Chang Hsueh-liang, will provide the nucleus for the new enterprise.

S.M.R. Official Denies Reorganization Rumors

Rumors of the impending reorganization of the South Manchuria Railway Company were denied by Takuichi Ohmura, its Vice-President, on his return to Dairen July 3 from Tokyo. The question, he said, was not discussed in the Japanese Capital and the project, in his belief, would not materialize at an early date.

Manchukuo Promises to Pay C.E.R. Compensation

The diplomatic agent of the Manchukuo Government, Shi Liu-Pang, visited the U.S.S.R. Consul-General in Harbin, M. Slavutsky, on June 22 and informed him that Manchukuo had ordered the immediate resumption of payment of compensations and pensions to Soviet citizens who were former workers and employees of the C.E.R. Payments were terminated April 16.

Dairen Kisen Kaisha To Add Six Ships to Dairen-Tientsin Fleet

Permission to add a 2,200-ton passenger ship and five freighters to its fleet of vessels operating on the Dairen-Tientsin run has been received by the Dairen Kisen Kaisha from the South Manchuria Railway Company, its parent firm. The D.K.K. has already asked dockyards in Japan to submit bids. The passenger vessel will have a speed of 15.5 knots. Four other freighters, ordered by the D.K.K. from Japanese yards last year, will be brought to Dairen this September.

Fourth of July Celebrated in Shanghai

Owing to inclement weather all out-door celebrations incidental to the Fourth of July in Shanghai had to be abandoned. As a result there was no military review at the Racecourse, no baseball game and no fireworks at the Columbia Country Club. The receptions at the U.S. Consulate General and the American Club were hugely attended. Clarence E. Gauss, U. S. Consul General, received several hundred guests of all nationalities at the Consular reception at noon. Immediately following, the American Club held "open house"

On the occasion of American Independence Day, President Lin Sen cabled a message of felicitation to President Roosevelt, in which he expressed the good wishes of the Chinese Government and people for the continued prosperity of the American Government and people.

American Independence Day Commemorated in Nanking

Despite inclement weather a good crowd of members of the American community, officials of the Chinese Government and diplomatic circles attended a reception given by S. R. Peck, American Consul-General at Nanking at the U.S. Embassy in commemoration of American Independence Day.

People's Economic Reconstruction Movement Launched at Nanking

BY C. Y. W. MENG 孟長沐

WHEN the present Administration was inaugurated on Dec. 7, 1935, at which time five Presidents of the Yuan were inducted into office, after the closing of the 5th Plenary Session of the Central Executive and Supervisory Committees of the Kuomintang, the Government already made it quite clear that it would undertake more steps towards the economic reconstruction of the country. General Chiang Kai-shek, President of the Executive Yuan, in his inauguration and first speech before the cabinet members, delivered on December 16, said that "the Government would exert special efforts towards economic reconstruction." "There are two meanings as regards economic 'reconstruction,'" said the President, "First: the natural resources should be opened up and production should be increased, so that production on land, and resources under the ground are well utilized; secondly, all reconstruction should be for the purpose of benefitting the livelihood of the people, and should avoid unnecessary expenses, so that more definite results may be achieved."

The Chiang 8-Point Program—Basic Principles of the Present Movement

Those who have read the circular telegram which General Chiang issued sometime in August, 1935, will know what "economic reconstruction" means. In his circular, the President urged the provincial authorities to take vigorous steps in the following directions :—

1.—Enforcement of the labor conscription system so as to make the people realize that to render "volunteer labor" in road-construction, dyke-building, etc., is the duty of the citizens.

2.—Development of agriculture by improved methods to lessen the burden of the farmers and to attain the aim of producing enough food-stuffs by ourselves and for ourselves.

3.—Development of reclamation and husbandry to develop the uncultivated land, and to increase the production of live-stock.

4.—Readjustment of consumption so as to adjust the supply and demand through the organization and assistance of local co-operative societies.

5.—Development of industries through the joint efforts of the government, people, experts and entreprenеurs.

6.—Development of mines by improving the processes of operation and by encouraging the investment of capital in the mining industry.

7.—Development of the means of transportation so as to lessen difficulties in transportation and to enable the free circulation of products.

8.—Readjust of currency so as to encourage the savings of the people and to give more financial assistance to the people.

This 8-point program now forms the basic principle of the economic reconstruction of China.

The P. E. R. M. Committee

In order to direct the operations of the Movement, General Chiang organized the People's Economic Reconstruction Movement Committee with himself as the President. In his speech, he said *inter alia* that "in recent years, a series of calamities has befallen the country, while the people's economic crisis has become daily more serious. If efforts are not immediately made to promote national reconstruction, there can be no means of saving the nation. In order to accomplish this task, rapid progress can not be achieved unless concerted efforts are made by the entire country. The enforcement of the National People's Economic Reconstruction is therefore the fundamental means of alleviating the economic plight of the entire people."

According to the President, the sole object of the Movement is to guide the nation in the development of economic reconstruction enterprises through close co-operation between the people and the government. The Committee has branch committees in various provinces and municipalities and sub-branch committees in various districts. Five tasks are to be undertaken by the Committee, namely :—

1.—To help the central and local governments in promoting economic reconstruction plans.
2.—To advance social and economic reconstructon enterprises.
3.—To train up or recommend economic reconstruction experts.
4.—To study and develop the nation's agricultural and industrial by-occupations and special products of each locality.
5.—To promote the sale of native products.

Minister Wu on the Meaning of the Movement

Wu Ting-chang, Minister of Industry, and concurrently, the standing chief-in-charge of the Committee, in a speech on the People's Economic Reconstruction Movement over the Central Broadcasting Station's 'nation-wide hook-up said *inter alia* that "the New Life Movement provides the spiritual and moral basis for China's renaissance, whereas the People's Economic Reconstruction Movement aims at making the national revival idea more concrete and materialistic. In short, it is designed for the successful promotion of one of Dr. Sun Yat-sen's great Principles :—*People's livelihood*. The new Movement will create a united and conjunctive effort on the part of both the Government and the people in developing China's economic resources. It is the People's Economic Reconstruction Movement Association's task to assist and push the central and local authorities in economic reconstruction planning, lead the nation in various kinds of economic enterprises, and cultivate, train and place personnel for reconstruction projects. The study of subsidiary vocations among the industrial workers and the farming populace, and the promotion of special industries and products in various localities also form part of the association mission. Last but not least, the association will make it its business to lead the nation in thrift and in consumption of more native products." So the Minister concluded his speech by saying "Welcome foreign tools and machinery for productive purposes, but use only native products in ordinary consumption."

The Planning Committee

The People's Economic Reconstruction Movement Committee has one "Planning Committee" whose duty is to devise plans, based on research, to be submitted to the Central Government for consideration in the task of carrying out the People's Economic Reconstruction Movement. The Planning Committee has 13 Divisions with two experts for each division. They are :—

1.—International Trade (Messrs. Liu Wei-chih and Shou Yi-cheng)
2.—Financial Control (Messrs. Wu Chen-hsiu and Chao Lan-ping)
3.—Foodstuffs Control (Messrs. Hsiao Ching and Yang Kung-chao).
4.—Land Problems (Messrs. Wu Shang-ying and Wang Kuo-ting)
5.—Agricultural Problems (Messrs. Tan Hsu-hung and Hsiao Shu-yu)
6.—Salt Problems (Messrs Tsou Lin and Hsu En-cheng)
7.—Communications Problems (Messrs. Chen Po-chwang and Kao Ting-chih).
7.—River Conservancy (Messrs. Fu Ju-lin and Chen Mao-chieh)
9.—Mining Problems (Messrs. Hu Po-yuan and Chin Yu)
10.—Economic Co-operatives (Messrs. Y. S. Djang and Chen Chung-ming)
11.—National Finance (Messrs. Wei Ting-sheng and Hsieh Fen-cheng)
12.—Local Finance (Messrs. Chao Tu-hua and Chang Kai-lien)
13.—Wartime Economics (Messrs. Ma Yin-chu and Shou Mien-chang)

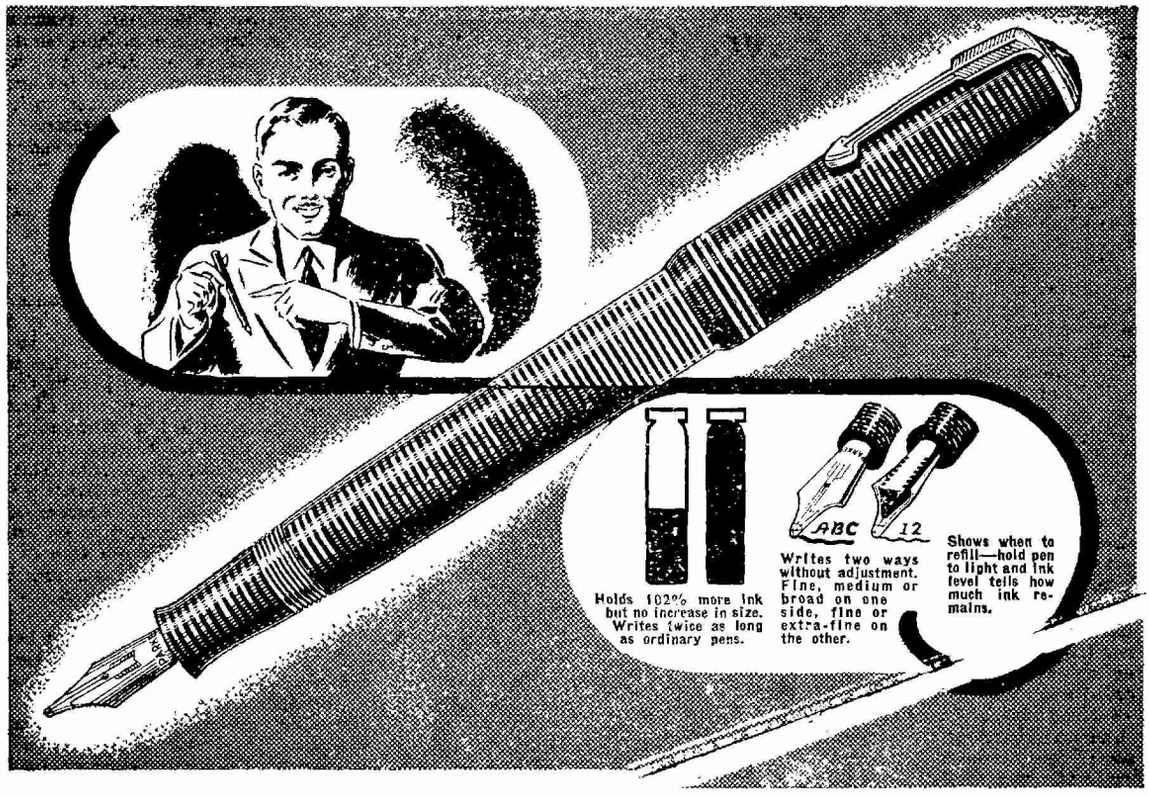
Inauguration on July 4th

About 554 officials in the Government and leaders of all walks of life have been invited to serve on the People's Economic Reconstruction Movement Committee, as committee-members or experts. Possibly, this is the largest committee we have ever seen since the adoption of the committee system in China.

On July 4, in a spacious meeting hall of the Ministry of Industry, the inaugural ceremony of the People's Economic Reconstruction Movement Association took place. More than 200 people attended the opening exercises to discuss the many problems of the economic reconstruction of China today. The Generalissimo, who presided over the opening meeting, expressed gratification over the formal inauguration of the new body, which, he said, is the "starting point of the realization of the Principle of Livelihood as laid down by the late Dr. Sun Yat-sen." He then dwelt on the significance of the Movement. Continuing, General Chiang pointed out that the present rampant smuggling in North China is mainly attributed to the loose national economic structure. In his opinion, the People's Economic Reconstruction Movement is the most effective way to curb the illicit traffic. He then read his former message to the nation, which he issued on the National Day in 1935, and concluded by enjoining all members of the Association to do their best to lead the general public in making the Movement a success.

Minister Wu, the next speaker, besides making a report on the preparation for the establishment of the People's Economic Reconstruction Movement Committee, emphasized the connection between the Movement and the economic welfare of the country. He pointed out that the China of today is far away from "self-supply," and concluded his speech by urging the people to practise more "thrift," but at the same try to attain the aim of self-supply economically.

Sun Fo, President of the Legislative Yuan, in his speech, called the attention of the audience to the fact that the inauguration of the Movement did not mean the accomplishment of the mission; on the contrary, "beginning from today, all members should realize the crisis facing the country, and should lead the masses to carry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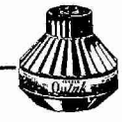

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out the schemes in accordance with the plan, so that the people will be benefited, and the country will be pacified." "Only by doing so, will we avoid disappointing General Chiang, the Promoter of the Movement, and we will not fail to discharge our responsibilities in the national revival," the President said.

Dr. H. H. Kung, Minister of Finance, characterized the inauguration day of the Movement—which falls on July 4, the U.S. Independence Day—as "China's Economic Independence Day." "If the productivity of every one of the Chinese citizens is increased by $1.00, and the consumption capacity for foreign imported goods is decreased by $1.00, China would solve her problem of the unfavorable balance of trade—which amounts to no less than 700 or 800 millions dollars," said the Finance Minister.

Nanking, July 4, 1936.

Shanghai Banks to Invest $40,000,000 for Reclamation of North Kiangsu

For the reclamation of the salt fields in North Kiangsu, the Shanghai banks have decided to invest jointly $40,000,000. Pang Yang-yao of the Joint Savings Bank and Chang Hsin-yi of the Bank of China recently returned from an extensive investigation tour in North Kiangsu. It is reported that the entire area can be turned into fertile cotton fields.

Yao Dyke Breach Widens

Efforts calculated to close the breach in the Yao Dyke at Chunghsiang along the Hsiang River have met with failure, recent advices from Hankow stated. As a result of the water rising 20 feet in the river, the breach has been widened to 120 feet.

Huangho Lottery Prohibited by Executive Yuan

The Executive Yuan July 7 instructed the Hopei and Chahar Political Council and all the Municipal and provincial governments to prohibit the sale of the Yellow River Flood and Tientsin Municipal Welfare Lottery tickets.

This step is understood to have been taken in compliance with the request of the Ministry of Finance on the ground that these lottery tickets have not been approved by the Central Government and are therefore illegal.

"Kung Pao" Say Majority of Factory Inspectors Should Be Chinese

Commenting on the Factory Inspection Agreement concluded on June 25 between the Chinese authorities and the S.M.C., the Shanghai *Ta Kung Pao* July 6 enumerated some of the points to which it hopes the City Government and the Central authorities will give due attention. The journal suggests there should be two supervisors, one Chinese and one foreign, to oversee the inspectors; that the Central Factory Inspection Office should bear the responsibility of superintending and guiding the inspectors; the inspectors, it says, should be well acquainted with the conditions of Chinese factories apart from being familiar with the Chinese factory law, and the majority should therefore be Chinese.

Soochow—My Favorite City

BY T. S. YOUNG

I VISITED Soochow recently. It was my first visit since 1931. During the past five years, while the map of China has been subject to some drastic changes, Soochow, however, remains the same as its old self without any changes either for better or for worse. The antiquated city wall is still in a trim state. The picturesque pagodas still rear up their heads proudly without betraying any sign of age. The age-old temples retain their looks of grandeur and serenity. The stone-bridges still keep themselves intact against the wear and tear of time. And the young girls, in spite of their backwardness in taking up the new fashions, are still as beautiful and charming as ever.

Soochow has been noted for many things. Its scenic beauty has drawn visitors from far and wide. Its girls have been admired by the connoisseurs of beauty. Its women have been the most religious worshippers of Buddha. Its story-tellers have made fame and fortune in entertaining the radio fans. Its necromancers have been said to possess uncanny power in fortune-telling. Its dishes have been eulogized by the fastidious epicureans. Its silks have been known even to foreign countries. Its sweetmeats have had a market throughout the whole country. And, last but not the least, its dialect has been unanimously conceded as the most delightful one to one's ears.

Soochow has been known as the Venice of China because of its numerous rivers running through and round the city. It has also been called a garden city because of its many hills and lakes, the beauty of which has been highly praised by the lovers of nature. It has also been considered rightly or wrongly as a paradise on earth because of its mild climate, its natural abundance, its comparative peace and order amidst general political unrest and disturbance, and its fortunate escape from natural calamities. Sometimes, it has also been looked upon as a sacred place because of its many temples and pagodas, and also the large quantity of incense and joss-money burned every year by its religious worshippers. Occasionally, it has also been named an enchanting city because of the fact that many of its visitors have been so enchanted by its wholesome atmosphere and fascinating sights that they would never think of returning.

Soochow a Good Place to Live and Be Buried in

Because of its many amenities and attractions, many of our people have chosen to live in Soochow in their life-time, and to have their corpses buried in some of its scenic spots. Big officials and merchants, after they have become tired of political and business games, would repair to Soochow as an ideal place of retirement, wherein they try to forget their political and business dreams by seeking pleasure from its beautiful scenic spots. Therefore, although Soochow has long lost its significance as a commercial city, its population has been steadily on the increase, while its scenic spots have been gradually turned into popular cemeteries.

Soochow has always appealed to me as a very interesting place inhabited by very interesting people. Its scenic spots, young girls and tasty dishes are indeed alluring, but I like Soochow for some other reasons. I like its unchangeableness. Although it is situated only some 52 miles away from Shanghai, it is as much immune from the modern influences as a hermit in a desolate mountain. The sight of its city wall and pagodas will invariably remind you that you are treading on Chinese soil. Within the city, there are neither street cars nor motor cars, and the people going from one end of the city to the other have either to walk on foot or to ride in rickshas. There is neither a skyscraper nor a Great White Way. The whole city does not possess even one single elevator. Until recently, modern conveniences have been unknown to its people. Although its streets are very narrow, its houses are generally big and spacious. Even the poor people do not have to experience the inconveniences of living in sardine-packed houses as most of the Shanghai people do.

A Placid Atmosphere

I also like its quietude. You can walk freely and leisurely in the streets and at the same time muse on Confucius' philosophy without fear of being knocked down and run over by street cars or motor cars. You will neither be pushed forward by the hustling crowd, as every one there takes life easy and does not place any value on his time. Even in daytime, except the occasional noises made by the food-hawkers and infuriated dogs, the city can be said to be almost noiseless. At night, shortly after eight o'clock, the city becomes lifeless: The shops on the busy thoroughfares throw up their shutters, and the dimly lighted streets are completely deserted. When you go to bed, you can enjoy your sweet dreams without being disturbed by the tootings of motor horns.

Again, I like its being free from gang rule. Although it has many rich families, kidnapping is an unheard-of thing, while armed robbery is a very rare occurrence. You can walk in the streets without fear of being killed or wounded by stray bullets, or being held-up or waylaid by desperadoes. It, of course, has its gang leaders as in the case of many other big cities, but they can not take law the into their own hands and strike terror to the hearts of the people. Nor can they exert their evil influence over the city administration and the justice of the Court. Policemen in the streets have so little to do that they become nothing but decorations.

Instead of gang rule, Soochow is ruled by its gentry. They are so powerful that the city magistrate becomes merely figureheads. Many of the magistrates have lost their positions because of their being at loggerheads with the gentry. They are self-appointed representatives of the people. Although they have played their parts more to their own advantage than to the welfare of the people as a whole, yet the people are quite satisfied with this rule, because the gentry are decidedly more humane than many of the officials and less blood-thirsty than the gang leaders.

Japanese Concession Is a No-Man's Land

Finally, I like its being free from the Japanese menace. Although it has a Japanese Concession outside of its city wall, many of the Soochow people themselves are not aware of its existence. When you walk in the streets, you can never have the pleasure or displeasure of coming across a single subject of Dai Nippon. The so-called Japanese Concession is but a no-man's land watched over by a lone consul, who has never had an opportunity to display his diplomatic skill and bully the local Chinese officials, because there have not been any Sino-Japanese issues. This Japanese Consul has no Japanese interests to look after except a few cherry trees; and once a year he reminds the local Chinese officials and gentry of his presence by giving a reception to see the cherry blossoms. It has been suggested that for the sake of economy, the Japanese Government had better send a gardener instead of a consul to Soochow, because the consul has no duties except as a gardener.

As I like Soochow, so I also like its people. I have a great interest in their ultra-conservatism. While the people in many other cities have torn down the city walls for the purpose of modernizing the outward appearance of their cities, the Soochow people, on the contrary, have saved no expense in keeping their city wall in good shape. They have still considered it as the best means of protection against possible danger to their lives and property, although it is even known to the pupils of grammar schools that such an old wall can not withstand the attacks of modern armaments. Whenever any disturbance occurs, their first thought is to shut up all the city gates. Likewise, they have put up a united opposition to any attempt to widen its streets. It has been only through forcible measures that a few leading streets have been widened in recent years.

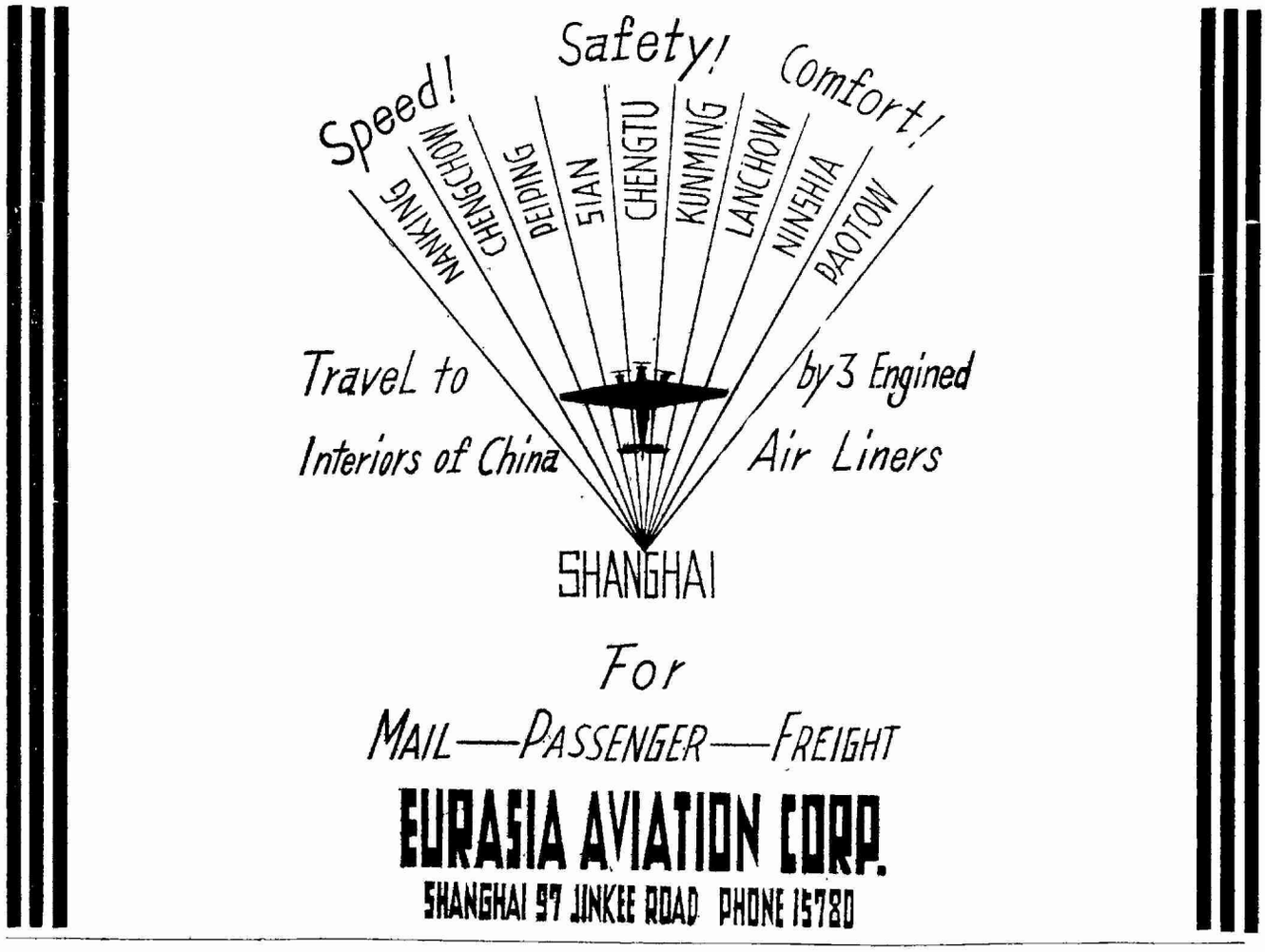
A Superstitious Folk

I am also interested in their strong superstition. Its many temples have been always thronged with crowds of people offering sacrifices, while its fortune-tellers have done lucrative business by advising the people on all matters from the choice of a mate to the selection of a career. In the summer, many of its women and a few of its men, in order to show their piety to God, confine their diet to vegetables, so much so that the pork shops have to close their doors for a few weeks. In a word, they have become so superstitious that they can no longer act in accordance with their own free will. They would rather sustain inconveniences and hardships to their life than commit anything which would incur the displeasure of God. They would lead a very frugal life, so as to save some money to buy incense and joss-money or to make some contributions to the building funds for a new temple. Paradoxically, while thousands of dollars have been burned away in the form of incense and joss-money every month, appeals to the public for contributions to charity, however, have never met with enthusiastic responses.

While I admire the charm of beauty of Soochow girls, I also admire some of the characteristics of its men. Their small stature, weak constitution, sweet dialect and genteel manner have made them lose every trace of manliness, so that, if attired in feminine dresses, they would appear more womanly than the women of North China. They are very clever, but not enterprising, and so Soochow only produces famous scholars, but no great generals and big captains of industry. They are very sensitive, and attach great importance to their "face." They take life easy, and can indulge in idle talk and sip tea the whole afternoon in tea-houses. They generally do not "make any effort" in their life, because they believe that their fate is more or less predestined. Their jocularity makes them pleasant companions, while their civility is carried to the point of hypocrisy. Their openmindedness is indeed praiseworthy, while their timidity is often a subject of ridicule. As a whole, they are the most amiable creatures you can find in this large country.

K. P. Chen Delines to Discuss Monetary Agreement

K. P. Chen, managing director of the Shanghai Commercial and Savings Bank and chairman of the Shanghai Banking Association, who negotiated the recent Sino-American silver agreement at Washington with Henry Morgenthau, Secretary of the Treasury, arrived in Manila July 7 aboard the s.s. *Potsdam* en route to Shanghai from the United States *via* Europe. The Chinese banker called on President Quezon at the Malacanang Palace. Mr. Chen is accompanied by Dr. P. W. Kuo, managing director of the Shanghai Trust Company, who assisted him in his negotiations in Washington. He declined to discuss the Sino-American agreement, declaring that his Government should have the details first.



Southern Imbroglio Invites Firmer Japanese Grip in North

BY THE REVIEW'S FOOCHOW CORRESPONDENT

WHILE Nanking and Canton are at variance, Japan lays firmer grip on North China. According to the *Wah Tsz Yat Pao*, a Hongkong newspaper, Japanese contemplated actions in North China consist of: (1) Installing Shih You-san (an insurgent) and Chi Shih-yuan (formerly Tuchun of Kiangsi) in a puppet regime, (2) sending a second detachment of Japanese troops to North China early in July, (3) making a fuss in Tientsin so as to deprive Mayor Chang Tsu-chung of office, and (4) carrying out the schemes of North China economic autonomy. The Japanese, it is reported, have forced Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, to declare himsels independent of Nanking, and made three demands to Gen. Han Fu-chu, Shantung strong man, as follows:

(1) That an autonomous regime should be established in Shantung.
(2) That a part of the Shantung troops should be disbanded as the existence of too many soldiers is an infringement of Japanese rights in that province.
(3) That activities in connection with smuggling-prevention should be ended.

Lo Mien-ho Calls on Chairman Chen Yi

On June 27, Lo Mien-ho, President of Chamber of Commerce, Foochow, called on Chen Yi, Chairman of Fukien Provincial Government. In the course of conversation, Lo Mien-ho said that trade in Foochow had been greatly affected by recent developments in the Southwest and he hoped that the Chairman would not leave Foochow at the present juncture. In reply, Chairman Chen intimated that should there be no necessity, he would not leave Foochow; he asserted that since calmness prevailed in West Fukien, the people in Foochow should not be panic-stricken.

Admiral Chen's Inspection Tour to Fukien

To insure the safety of Fukien coastal defense, Admiral Chen Shao Kuan, Minister of Navy, is expected to return to Fukien in the middle of July, inspecting the fleet, the marines stationed in Fukien, the forts, etc. His return to Foochow, for the first time after the Fukien Insurrection of 1933-1934 (when he came to Foochow to direct the suppression campaign), is obviously of great significance when viewed in the light of the present situation in the Southwest.

Persuading Bandits to Submit

Being aware that Fukien, with her house in disorder, might fall an easy prey to the invader, military authorities in Fukien have taken definite steps to persuade bandits into submission or to suppress them. Those who are willing to submit will be recruited; those who are not will be suppressed.

Besides paying much attention to the bandit problem, Gen. Chiang Ting-wen, Fukien Pacification Commissioner, has made necessary preparations for war. A huge quantity of barbed wire, electric outfits, etc., have been bought in Amoy and conveyed to the front. Telephones for military use have been installed in Changchow, Lungyen, and Tingchow.

Activities of Canton Propaganda Corps

In the bordering districts of Fukien, the Canton propaganda corps have been very active. They put up posters bearing the words, "Down with the dictatorship," "Chinese soldiers should not fight against themselves," "Patriotic Chinese should desert the 'traitorous' government." They spread anti-Japanese and anti-Chiang propaganda whenever they meet the people. Gen. Chiang Ting-wen has instructed various magistrates to tell the people not to be misled by "colored" propaganda.

People in Frontier Districts Take Refuge

What with the troop movements along the Fukien-Kwangtung border, what with skirmishes at the front, the people of the frontier districts in Fukien are thrown into great panic. Many of them take refuge in Changchow and Amoy; they take it that Mars is on his way to their native districts.

Bandits Very Active in North Fukien

As a consequence of the removal of the Sixth Independent Brigade and the Third Division from North Fukien to West Fukien, the districts in North Fukien, Kienyang, Shaowu, Chungan, Minchi, Kuangtsz, are menaced by bandits. Gen. Liu Hua-tin, commander of bandit-suppression forces in the second pacification area, is studying the situation and taking steps to curb the activities of bandits.

Gen. Liu Hua-tin Confers with Gen. Chang Fa-kwei

Gen. Liu Hua-tin went from Kienao to Kiangshan on June 29 to confer with Gen. Chang Fa-kwei, commander of bandit-suppression forces along the Fukien-Chekiang-Anhwei-Kiangsi border, about defensive measures in North Fukien.

Fukien Garrison Troops Asked to Take Precautions

Having been informed that the Kwangtung and Kwangsi troops were beating a strategic retreat and attempting a surprise attack, Generalissimo Chiang sent an urgent telegram, to troops garrisoned in Fukien, asking them to take precautions and not to be fooled by the tricks of Kwangtung and Kwangsi soldiers.

July 2, 1936.

Japanese Complete Two More Strategic Railways in Manchuria

BY THE REVIEW'S HARBIN CORRESPONDENT

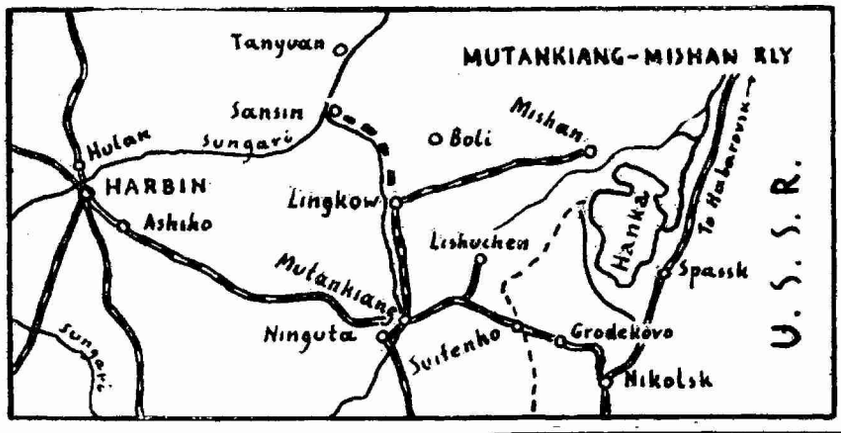
AS these lines are being written, the Japanese are driving in the last spikes of two new railways in Manchuria, the Mutankiang-Mishan Railway and the Solun-Halun-Arshan Railway, both having the utmost economic and strategic importance.

The first named railway, the Mutankiang-Mishan Railway, properly speaking, is an extension of a great railway line connecting the Chinese Eastern Railway with the North Korean railway system, completed late in 1934. The Japanese reports about the new line refer to it as being composed of two independent sections; first, the Mutankiang Lingkow section, connecting Mutankiang Station of the C.E.R. with Lingkow, a small town situated approximately midway between the C.E.R. and Sansin (Ilan) on the Sungari River; and, second, the Lingkow-Mishan section, spurting from Lingkow almost due east until it reaches Mishan, its eastern terminus, near the Soviet-Manchurian border.

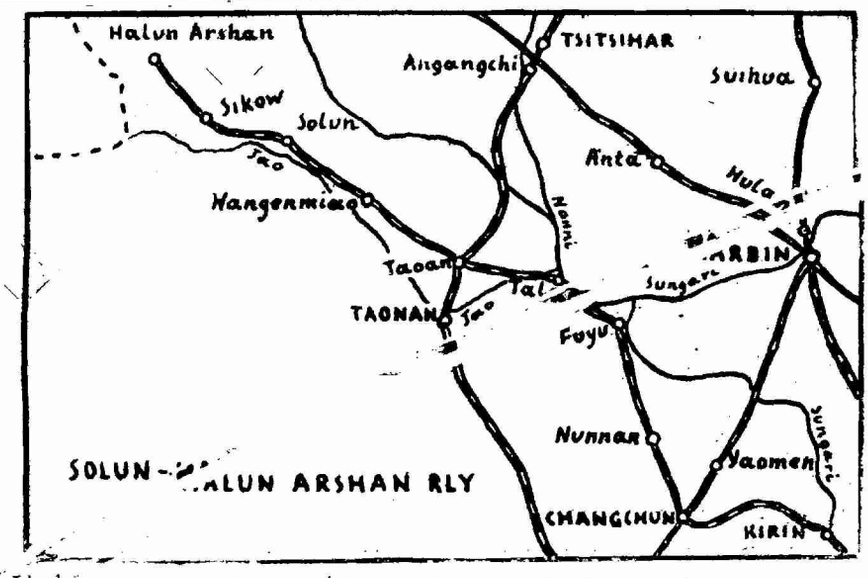
Will Contribute to Pacification of Country

The completion of the Mutankiang-Mishan railway line will doubtless contribute greatly to the pacification of this part of the country, hitherto regarded as the most difficult to manage due to the presence of numerous "bandits," "volunteers" and other anti-Japanese elements. Hitherto, they have found shelter in the mountain fastnesses of the country and conducted systematic raids on Japanese settlements and troops. The completion of this railway will doubtless facilitate the suppression of these "bandit" activities.

The economic value of the new railway will not be seen until the completion of the Lingkow-Sansin section, which will, by all reports, be completed next year. Then, it will provide uninterrupted rail communication between Sansin, on the Sungari River, and the North Korean ports and railways, having the most important effect on the further development of the entire northeastern corner of Manchuria. It will divert cargoes of the Lower Sungari region, which have so far been shipped via Harbin and the Chinese Eastern Railway, to the North Korean ports, greatly benefiting these ports and North Korean railways.



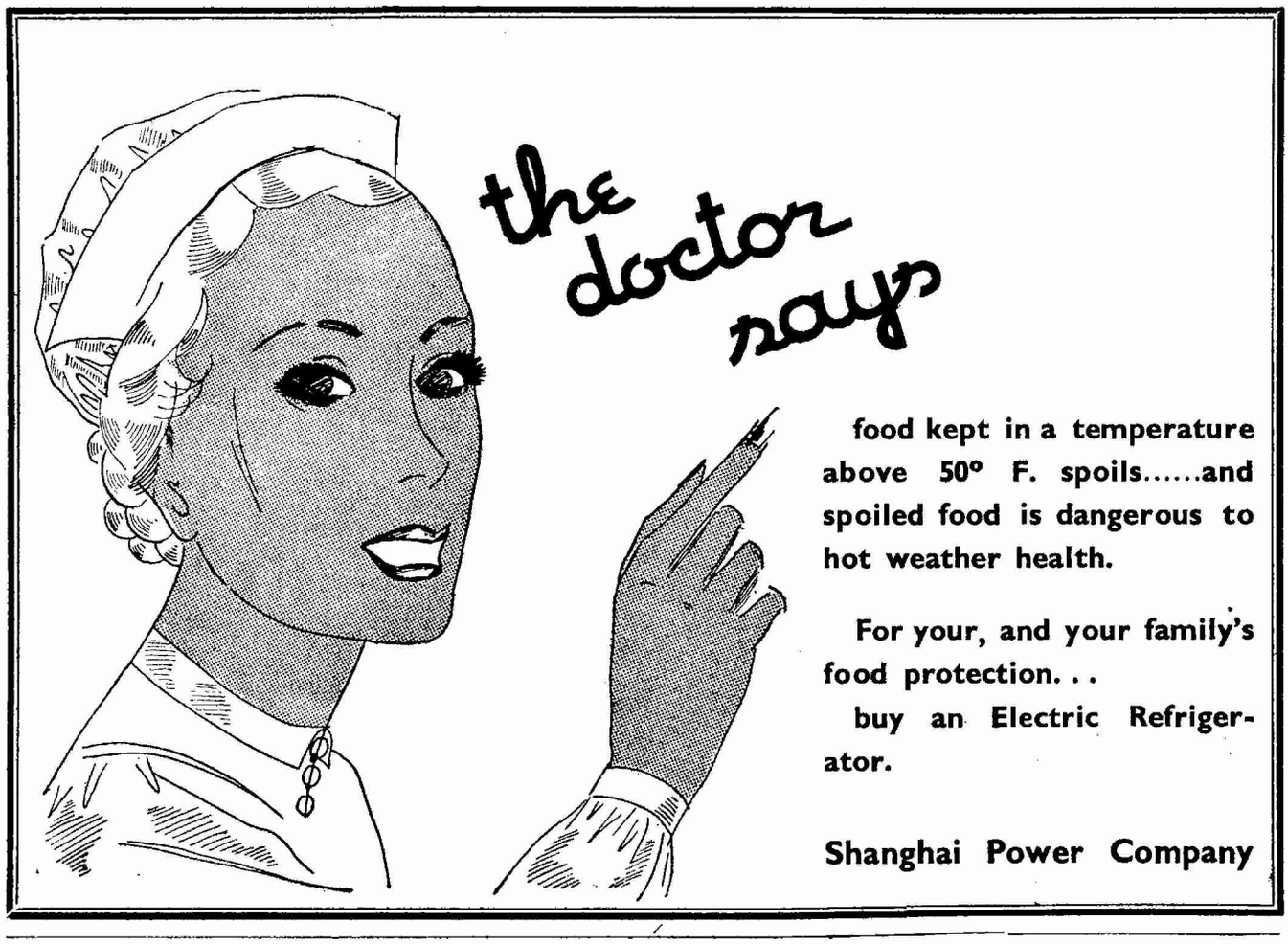
The completion of the Mutankiang-Mishan railway line, plan of which is shown to the left will, the Japanese believe, contribute greatly to the pacification of this part of Manchuria, which is one of the main hotbeds of "banditry". The new line parallels the Soviet border.



The newly completed Solun-Halun Arshan Railway, plan of which is shown to the right, provides an interrupted line of rail communication between the Outer Mongolian frontier and the Korean seaboard. This line is almost as long as the original C.E.R. line from Suifenho to Manchuli. The district traversed by the new railroad is mountainous and affords very little opportunity for immediate exploitation.

According to the original plans, the Mutankiang-Lingkow section should have been continued northwards up to Sansin, its northern terminus, but due to strategic considerations these plans have been dropped for a while, the preference having been given to the construction of the Lingkow-Mishan section, which has been completed first. In view of the general backwardness of this section of the country, which does not offer anything for immediate economic development, the importance of the new rail line appears to be only strategic; it links this remote corner of Manchuria with the interior of the country and North Korea and converts it into a base of operations for the Japanese Army. By completing this line, the Japanese Army has come to menace the Soviet line of communication between Vladivostok and Habarovsk at a place least expected by the Soviets, to the north of Lake Hanka. It is an open secret that the Soviets have until now paid less attention to this section of the frontier than to the one lying to the south of the lake, where in the absence of any natural barrier, they have reportedly built a strong line of fortifications. Now, however, with the Japanese rail line thrust right up into the Vladivostok-Habarovsk line of communication, the Soviets will have to revise their plan of defence, paying greater attention to this section of the frontier than has apparently been the case till now.

Aside from the opening up of the Lower Sungari region, the Mutankiang-Sansin railway with its branch line from Lingkow to Mishan will have the most beneficial effect on the whole district between the Sungari and the Chinese Eastern Railway, which is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probably one of the least developed regions in the whole of Manchuria. Natural resources of this part of the country are unknown, although traces of the presence of gold, iron, coal and other minerals are said to be abundant. On the Sungari, there are two coal mines, the Hegan and Fenna coal mines, previously owned by the Chinese, which supply the Sungari fleet with coal. The completion of the Mutankiang-Sansin Railway will doubtless enhance their production, for which there has been no adequate market.

The district near Mishan and Lake Hanka is reputed to be well suited for extensive farming, one investigator even stating that the yield per acre is 35-40 per cent higher there than that in the Harbin district. All kinds of crops grow there, especially rice, this being a principal occupation of the Koreans, who settled there several years before the Mukden "Incident" of 1931, having fled from Japanese persecution and oppression in Korea.

Judging by the present manipulation of railway freights in Manchuria, the Japanese appear to be bent on developing the eastern section of the country ahead of all other parts. Recently, they enforced a new freight tariff on shipments of soya beans, cakes and wheat destined for export to Japan and elsewhere via North Korean ports, which represents a slashing reduction of 40 per cent against the previous freight tariff. As a result of this policy, the exporters are keen to utilize the new route for produce shipments, especially those destined for Japan. This will doubtless have a most beneficial effect on the prosperity of the three North Korean ports, Yuki, Rashin and Seishin, all of which had already registered a 50 per cent increase in their trade in 1935 against the turnover of the preceding year.

Despite this artificial stimulation, the North Korean railways, built primarily for strategic purposes, remain unprofitable. There is considerable bickering between the Tokyo Government and the South Manchuria Railway authorities over the purchase by the S.M.R. of these railways, for which the Government allegedly asks 60 million yen. Discussing this question, Y. Matsuoka, president of the S.M.R., recently stated that "he would never consent to the unconditional purchase of these unprofitable railways," hinting that the Government should devise means of safeguarding the Company from any loss to be incurred from operating these railways.

The Solun-Halun Arshan Railway

On the west, a railway of no less importance than the one just described has been completed, the Solun-Halun Arshan Railway. It is an extension of a trunk railway line, 574.8 klm. long, which links Changchun with Solun in South Barga, and runs practically parallel to the main line of the Chinese Eastern Railway. With the completion of the last section between Solun and Halun Arshan (130 klm. long), it provides an uninterrupted line of rail communication between the Outer Mongolian frontier and the Korean sea-board, wherein lies its economic and strategic importance. It is significant to note that the entire length of this trunk line from the Korean frontier to Halun Arshan equals 1,260 klm., or a little less than the distance between the Suifenho and Manchuli termini of the C.E.R., which equals 1,440 klm.

The Solun-Halun Arshan Railway takes a northwesterly direction from Solun and runs along the Tan River. It took two years to complete the entire road from Solun to Halun Arshan, a seat of the famous hot-springs in South Barga. The district traversed by the new railroad is mountainous and affords very little opportunity for immediate exploitation. The Mongolian population inhabiting it leads a very primitive life, so that the present importance of the road seems to be only strategic, inasmuch as it brings the Outer Mongolian frontier within striking distance of the interior of Manchuria.

The completion of these two great railway lines, linking the Korean sea-board with the most remote parts of the Manchurian frontier, brings to a close the conversion of Manchuria into a huge base of operations against the only possible external enemy, the U.S.S.R. There now remains only the wait for the next turn of events to follow after the completion of this preliminary stage of the coming drama.

Harbin, July 1, 1936.

Diplomatic Movements

M. Bogomoloff, Soviet Ambassador, called on General Chang Chun, Minister of Foreign Affairs, in Nanking July 7.

Paul Naggiar, the new French Ambassador to China, called on General Chang Chun, Minister of Foreign Affairs, and Messrs. Hsu Mo and Chen Chieh, Vice-Ministers of Foreign Affairs, at Nanking July 7.

Ho Yao-chu, Chinese Minister to Turkey, has been granted a three-months home leave by the Ministry of Foreign Affairs. The Chinese diplomat is due to leave Turkey on July 15 on his way back to China.

S. Kawagoe, new Japanese Ambassador to China, was honored at a banquet given by General Chiang Kai-shek in Nanking July 7.

Southerners Claim They Are Continuing Drive of Ma Chan-shan Against Japanese

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

WITH the latest and repeated official assurances from Kwangtung and Kwangsi's government spokesmen that their military movements in the South-west are intended to stir up public opinion all over the country for armed resistance against the Japanese invaders in North China and against the increase of Japanese garrison troops, there is some hope that what appeared at first to be a movement against Nanking may turn out to be a patriotic movement for the salvation of China. To show to the Nanking authorities that Kwangtung and Kwangsi's organization of an expedition had no secret military motives to wrest Hunan or Kiangsi from Nanking jurisdiction, Canton and Kwangsi troops commenced their withdrawal from Hunan on June 12.

When Canton's public came to realize that the movement might not precipitate a civil strife between Nanking and Canton they displayed confidence in the continuation of the present Government under General Chen Chi-tang and since early last week the serious depreciation of the Canton paper currency has been halted. In their latest proclamations and telegrams sent to all parts of the country the South-west insisted that the movement was organized in response to the tremendous demand all over China for armed resistance against the Japanese. In a statement, Kan Chia-hou, Special Delegate of the Nanking Foreign Ministry in Kwangtung and Kwangsi, said the other day that the South-west movement was not inspired by any foreign power.

South-west's New Demands

On June 26 Canton telegraphed to the Nanking Government new demands asking for the severance of all diplomatic relations with Japan and the organization by the Nanking Government of an armed campaign against the invaders in the north. Nanking was asked to abrogate all secret treaties with the Japanese, including the Shanghai and Tangku Truce agreements and also the Ho Ying-ching-Umetzu agreement. It was explained in these demands that the armed campaign to be organized by Nanking should be directed also against the illegal increase of Japanese garrison troops in Peiping and Tientsin. The South-west regards this increase of Japanese garrison troops as a violation of her treaty with China as such an increase was not considered necessary in view of the improvement shown in general conditions in Peiping and Tientsin and the success of the Nanking forces in the elimination of Communist bandits in Shansi and Szechuen.

That the South-west Government is paying great attention to the developments in North China is borne out by their wires despatched to Generals Sung Cheh-yuan, Han Fu-chu and Yen Hsi-shan soliciting military support for their present movement. In the words of a high official in Canton, Peiping and Tientsin were the cradles of Chinese civilization and for 4,000 years these cities had been used as seats of our government in the ancient, middle ages and modern times. If China should give up Peiping and Tientsin it is like surrendering her barrier in North China against a possible foreign invasion into the rich Central China provinces.

To show their sincerity in the organization of an anti-Japanese campaign, the South-west Government admitted in their latest proclamations that the withdrawal of troops from southern Hunan was made with due respect to the Central Government. The South-west appeals to the Nanking Government to take the lead in adopting a stronger foreign policy vis-a-vis Japan.

To Continue a Grim Struggle

As the Kwangtung Commissioner of Education, Huang Lin-shu, said the other day to a large gathering of Hongkong correspondents, the anti-Japanese military campaign was a continuation of the unfinished expedition against the Japanese, which was first taken up by General Ma Chan-shan in Manchuria, then the 19th Route Army and the Fifth Nanking Army in Shanghai in 1932 and finally Generals Sung Cheh-yuan and Feng Chen-wu along the Great Wall strategic points.

It is rather uncertain at the moment whether the bold step undertaken by the South-west will precipitate a split within the Kuomintang Government in China; yet, if it does, the disagreement will really be over this major point. The South-west demands armed resistance against Japan first and talk about unification in China next. The Nanking Government thinks otherwise and insists that China should have more time for preparations, meaning the purchase of more airplanes, construction of inter-provincial highways, opening of the Canton-Hankow Railway and training of troops etc. before launching out on such a gigantic task as fighting the Japanese without the backing of any single foreign power.

To show that their movement is aimed against the Japanese the South-west is enlisting extensively the services of former Nineteenth Route Army officers, men who fought with the Japanese in the undeclared war of Shanghai in 1932.

The writer learns from usually well-informed circles that the Canton Government is at this moment carrying out some important negotiations with the leading commanders of the former Nineteenth Route Army now in Hongkong. Generals Tsai Ting-kai and Chiang Kwang-nai have been approached to throw in their lot with the South-west Government. It has been pointed out that the South-west, even without the backing of other provinces in China, can organize a big enough army to go to North China to put up a fight against the Japanese, but what they lack is well-trained army commanders.

One of the Nineteenth Route Army officers' conditions for co-operation in this patriotic movement is known to be Kwangsi's complete divorce from Japanese interests. The chief political adviser of the Nineteenth Route Army and in 1931 Nanking's Minister of Communications, General Chen Ming-chu, is being recalled by Canton from Moscow to participate in the same movement against Japan.

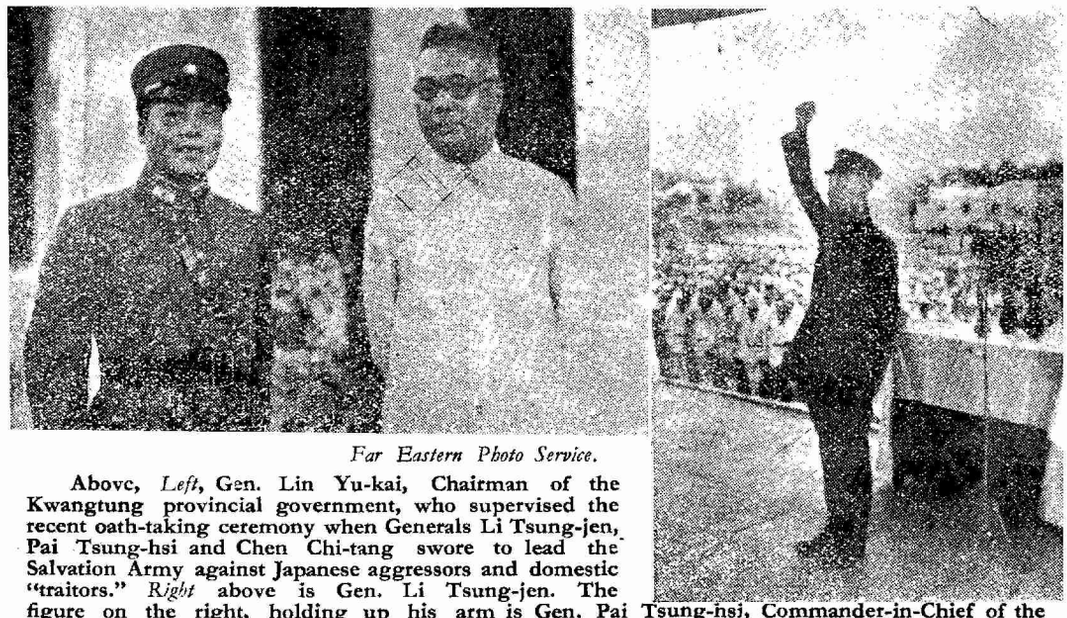
South-west Needs Support

The secret arrival in Kwangsi (to join the Nanning army) of General Chao Heng-ti (a former Hunan Governor) was reported recently in *The Review*, but yet another former Army Commander and Governor of Hupeh and Hunan at the time of the 1925-1926 Kuomintang expedition to Shanghai, General Tang Sheng-chi, has also arrived in Hongkong. He is going to Canton shortly to negotiate with the Kwangtung Government.

Will There Be a Civil War?

The question which is most commonly asked in Canton today is will there be a civil war, if the Nanking Government, at the opening of the Second Plenary Session of the Kuomintang Central Executive Committee on July 10, flatly refuses to entertain the South-west demands for armed resistance against the invaders? Most competent observers predict that if the South-west

SWEARING TO "OPPOSE JAPANESE AGGRESSION"



Far Eastern Photo Service.

Above, *Left*, Gen. Lin Yu-kai, Chairman of the Kwangtung provincial government, who supervised the recent oath-taking ceremony when Generals Li Tsung-jen, Pai Tsung-hsi and Chen Chi-tang swore to lead the Salvation Army against Japanese aggressors and domestic "traitors." *Right* above is Gen. Li Tsung-jen. The figure on the right, holding up his arm is Gen. Pai Tsung-hsi, Commander-in-Chief of the Army taking the oath.

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remain within their Kwangtung and Kwangsi territory the chances are that Nanking will send down important peace envoys to wind up matters as they did in 1931, when Wang Ching-wei (until recently President of the Executive Yuan) and Sun Fo (President of the Legislative Yuan) together with Eugene Chen and Chen Chi-tang and others organized the Enlarged Kuomintang Session in Canton. On the eve of a major clash in Hunan a civil war was avoided at the last minute when the whole country clamored for peace in view of the Japanese aggression in North China. If Chiang Kai-shek should send a punitive expedition to the South-west it would open new opportunities for the Japanese and the Kwangtung officers would have little difficulty in making their occupation of Peiping and Tientsin a permanent and accomplished fact.

Furthermore if the South-west refrains from sending troops into Hunan, Nanking is not likely to press for a showdown on the Hunan front. But in such an event Chiang Kai-shek would certainly seize the opportunity of settling the South-west issue once and for all. If the South-west askes for peace, such will be granted by Nanking, but not without a price. The price, according to most observers, will mean some rigid changes in the Kwangsi military and political administrations, although the same may not apply to Kwangtung. At least the change in Kwangtung will be carried out more gradually.

Leaders to Leave the Country?

If the Nanking authorities were permitted to dictate their terms to the South-west group, it is expected that Chiang Kai-shek would make the demand for the departure from the Kwangsi political arena of Generals Li Tsung-jen and Pai Tsung-hsi, to go abroad.

As regards Nanking's provisions for Kwangtung, Canton observers believe that there is a chance that General Chen Chi-tang will be permitted to remain for a short period, probably as the Pacification Commissioner of Kwangtung and Kwangsi, while Nanking will name its own Chairman of the Civil Government.

If Kwangtung and Kwangsi are both subjugated under the Nanking regime the field will then be opened clear for Chiang Kai-shek to prove to his countrymen that he is ready to go on with their much-desired resistance against Japan in North China. Will the present political chaos in the South-west be a blessing in disguise resulting in the unification of China and armed resistance against the Japanese?

Anti-Japanese and Not Anti-Foreign

The movement in the South-west so far has shown that it is anti-Japan but not anti-foreign in nature, as shown by the slogans and posters issued in both Canton and Wuchow.

In view of the current rumors that Japanese were behind the Kwangsi movement, leaders such as General Li Tsung-jen and Pai Tsung-hsi have issued numerous statements and denials concerning relations between the Kwangsi and Japanese Governments.

In his last statement issued, Li Tsung-jen explained at some length that the anti-Japanese movement in Kwangsi was entirely genuine and that all the reports about Kwangsi receiving Japanese assistance were malicious rumors spread by the Japanese themselves. He said that the report that Japan had lent Kwangsi 5,000,000 *yuan*, secured on Kwangsi's magnesium mines, and given Japan special privileges to make investments in Kwangsi, was equally without the least foundation. He said that to begin with Kwangsi does not possess any magnesium mines.

On the other hand it is the careful intention of the Liang Kwang militarists to avoid complications with the Japanese, which are alert concerning developments in the South, as evidenced by the fact that Japanese news agencies were acutally the first to publish news of the threatened rupture between Nanking and Kwangsi.

Perhaps it was due to the Japanese watchfulness concerning their movement that when Canton leaders assembled last week to discuss the formation of a revolutionary government most leaders agreed that the name of the Government should not contain the word Anti-Japanese. It was feared that such a term would provoke ill-feeling. Therefore, at that session the name of the government was tentatively fixed to be "The Nationalist Salvation Government." It was pointed out at that secret conference, news concerning which had never been published in any paper, that salvation of China could only be made possible through an anti-Japanese and armed resistance against the invader. Hence the word "anti-Japanese" could be eliminated. It was pointed out at that meeting that the new government will be formally started should Nanking troops commence attacking the two Kwangs.

Another important resolution reaching Canton was that of the formation of a South-west Military Council in the event of war. This Council will have supreme control over all military affairs and will direct the mobilization of Kwangtung and Kwangsi troops. Either Chen Chi-tang or Li Tsung-jen will become its Chairman. But opening of this Council will not be announced so long as the Hunanese and Fukien forces refrain from attacking Kwangtung.

Canton, June 30, 1936.

League Assembly "Closes" Abyssinian Issue

The League of Nations Assembly July 4 passed a resolution "closing" the Abyssinian affair. The Assembly by a vote of 23 to 1 the same date refused the application of Abyssinia for a £10,000,000 loan. The Negus left the League Chamber in a dejected mood. The Swiss Government notified him that he would have to leave the country within 24 hours. He thereupon proceeded to England. His plans for the future have not been made known.

The Italian press is jubilant. One of the Italian papers commented that it was a mistake to treat the Negus as a hero as the fact was that he had desrted his country when the real test came, taking its wealth with him. The Italian newspapers are now off on another tack, namely that the British fleet should retire from the Mediterranean.

Britain to Withdraw Cairo Garrison ?

According to a report in the London *Daily Mail* from Cairo, the British Government is likely to withdraw from Cairo the garrison of British troops first sent there 50 years ago. The proposed step is the most important concession of the British Government in Anglo-Egyptian negotiations now being secretly conducted, the report added.

Japan Envoy to Ethiopia Proceeds to Rome After Being Refused Admission to Enter Addis Ababa

After a stay of several weeks at Djibouti, while he sought in vain an Italian permission to enter Addis Ababa, Shunsuke Asada, the newly appointed Japanese Charge D'Affaires in the Ethiopian Capital, departed for Rome, June 30. The permission was refused by Italian military authorities on the ground that the Government to which Mr. Asada is accredited no longer exists.

Dr. Koo Thinks Covenant Revision Would Be Dangerous

The revision of the League Covenant, as advocated in some quarters, would be not only useless but also dangerous, Dr. Wellington Koo, Chinese Ambassador to Paris, asserted in an article in the *Journal de Geneve* (Geneva) July 3. The failure of the League, according to Dr. Koo, lies not so much in the inefficaciousness of the Covenant as in the policy and the method of application of the Covenant which was emplloyed. The various measures provided for in the Covenant for the prevention of aggression, pointed out Dr. Koo, were only timidly, dilatorily, equivocally and slowly applied, leaving the aggressor enough time to adopt counter measures to render them ineffective.

The unhappy events of recent months are a natural sequel to the failure of the League of Nations in the case of armed aggression started in September, 1931, by one member State against another, Dr. Koo declared in a speech July 2 during the debate by the League Assembly on the lifting of sanctions against Italy. Dr. Koo was referring to the Mukden incident, which heralded the secession of Manchuria. China, he stated, felt all the more keenly the loss of the League's prestige and authority. She sincerely believed in the principles upon which the League was founded and had always loyally and faithfully supported it.

If China, he continued, now accepted a new collective decision by the Assembly despite her profound sympathy for another party to a conflict, she would do so in the same spirit as she had applied sanctions, provided only that such acceptance would not in any way prejudice the fundamental principles of the Covenant. The Chinese delegation was of the opinion that the failure of the League concerning sanctions was not due to the insufficiency or inefficacy of the measures provided by the Covenant but rather the policy and method of application adopted.

Czechoslovakian Newspaperman Commits Suicide to Attract Attention to Condition of Jews

Stefan Lux, Czechoslovakian newspaperman who shot himself during the session of the League of Nations Assembly, died of his wounds the following day. Letters found in his pockets, addressed to various statesmen and several newspapers, indicated that Lux wanted to attract attention to the condition of Jews in Germany.

British China Fleet Will Make Important Cruise in Northern Waters This Month

Twenty ships of the British China Fleet will make an important cruise in North China waters, commencing July 24. Vice-Admiral Sir Charles Little will be in command.

The *Dorsetshire*, *Daring and Diamond* will visit Tsingtao from July 25 to July 30; and then the *Hermes* and the *Duncan* will visit the same port from July 31 to August 9. The *Medway*, *Bruce* and submarines will visit Chinwangtao from July 25 to August 1 and Chefoo from August 2 to October 8.

Admiral Little, aboard the *Kent*, which will be accompanied by the *Falmouth*, will visit Chefoo from July 24 to July 27. The Commander-in-Chief will then proceed aboard the *Falmouth* to Tientsin and will remain there from July 28 to September 3. He will rejoin the *Kent* at Chinwangtao on August 4, staying there for three days. All the ships will gather at Weihaiwei on September 10 except the *Delight* and *Duchess*, which will be ordered to Shanghai and Hongkong.

Britain Will Conduct Big Maneuvers in Far East With Singapore as Center

The Tokyo *Jiji* June 25 printed a telegram from Shanghai to the effect that Great Britain, having much concern over the latest Far Eastern situation, has been promoting armaments at Singapore and Hongkong and strengthening her defense preparations. According to reports received in Tokyo, the British Far Eastern Army has decided, because of the approaching completion of the Singapore forts, to carry out large offensive and defensive maneuvers in the middle of August with Singapore as the center. The Singapore fort and the air force and naval squadron there will co-operate in the maneuvers.

Variations in the estimates for the cost of the erection of barracks at Hongkong to accommodate three battalions are referred to in a report issued by the Select Committee on Estimates, published in London July 3. The 1934 estimate was £1,700,000, the 1935 estimate was £2,200,000, and it is now £1,100,000.

French Warships to Participate in Yokohama Air Maneuvers

For the first time on record, foreign warships will co-operate with the authorities in Yokohama in aerial defense maneuvers. Vice-Admiral Jean Esteva, commander of the French Far Eastern Squadron, July 6 notified the Navy Ministry that he would gladly comply with a request of the Yokohama Customs to darken his flagship, the cruiser *Lamotte Picquet*, when sirens blast out the air raid signal during the joint defense maneuvers that will be held by the cities of Yokohama, Tokyo and Kwasaki from July 20 to 24 inclusive. The French war vessels are expected in Tokyo from Kobe on July 16 and are scheduled to stay until July 30.

British Soldiers at Peiping Acquitted of Charges Preferred by Japanese Army

The charge against Private Herbert Cooke, of the British Embassy Guard, of having caused bodily harm to a Japanese named Onishi at a Korean establishment known as "Bar No. 27," on the night of May 26-27, was dismissed by the British Consul, N. Fitzmaurice, in the British Consular Court in Peiping, July 4. Mr. Fitzmaurice said he believed the alibi submitted on behalf of Cooke, and, accordingly, dismissed the charge. The accused was not charged with the death of the Japanese, Sasaki, whom the Japanese all along claim was killed by British soldiers. The British authorities held that no *prima facie* case as regards the Sasaki incident had been made out against either Cooke or another British soldier named Hunt.

Before Cooke was acquitted, two witnesses for the defence gave testimony. Major D. Chesney, Commandant of the British Embassy Guard, testified that he first heard, on the night or May 27, unofficial rumors that British soldiers were suspected of having been involved in disturbances on the night of May 26. The following morning, all the men on late pass on May 26 and military police were taken to a private room and asked to write a full account of the events on May 26—what they saw, where they were, and what they did. All the late pass men and the military police were examined medically for signs of having been in any affray.

Major W. G. Shakespeare, medical officer of the Guard, testified that he examined Cooke on May 28, and found no signs of his hands having struck blows recently. He had heard the evidence concerning Onishi, and thought that, if Cooke had inflicted those wounds, there would be signs on his hands. If the blow were made with a knuckleduster, most probably Onishi's frontal sinus would have been smashed in.

The Court's decision visibly angered Japanese present at the session, who immediately walked out of the courtroom. Official Japanese dissatisfaction with the decision was conveyed at noon to D. J. Cowan, British First Secretary, by Yoshiyuki Hanawa, second secretary of the Japanese Embassy.

A Japanese Embassy statement said: "Testimony of witnesses and evidence presented to the Court show beyond doubt that the crime was committed by a member of the British forces stationed in Peiping."

Japanese Protest Against British Verdict of Acquittal

Five hundred Japanese residents of Peiping gathered in a mass meeting at the Japanese Club July 6 and approved a manifesto asking for "a just solution" of the alleged cases of assault by British soldiers upon two Japanese late in May. Also passed was a resolution describing the presence of British soldiers, "who run counter to the purpose for which they are stationed here" as "harmful" and urging "a vigorous reflection upon their acts" by the British authorities.

The document described as an "act of violence" the quashing of the charge of manslaughter in the slaying of Kisaku Sasaki and the dismissal of the man accused of having assulted Onishi because of lack of evidence.

Yoshio Muto, First Secretary of the Japanese Embassy told press representatives July 7. "We intend to press for the redress of wrongs committed against our nationals, regardless of whom we have to deal with. Our attitude in this case will have a serious

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st January, 1936 and until further notice.

41 Ordinary 1 2 3	3 Ex. D 1 2 3	23 Fast D 1 2 3	301 Ex. SD 1 2 3	5 Ex. D 1 2 3	305 Ex. SD 1 2 3	1 Ex. SD 1 2 3	Down Trains	MAIN LINE STATIONS	Up Trains	2 Ex. SD 1 2 3	302 Ex. D 1 2 3	6 Ex. SD 1 2 3	74* Goods &Pgr. 3rd only	42 Ordinary 1 2 3	4 Ex. D 1 2 3	24 Fast D 1 2 3	306 Ex. SD 1 2 3
5.45	9.30	13.00	15.35	17.10	20.00	21.15	dep.	Peiping.....	arr.	9.25	10.00	11.38		17.40	18.25	22.30	23.15
6.04	—	13.16	—	—	—	—	,,	Yung-ting-men.....	dep.	—	—	—		17.23	—	22.15	—
6.20	10.00	13.30	16.00	—	20.26	21.40	,,	Fengtai.....	,,	9.02	9.36	—		17.05	18.03	22.02	22.50
6.44	—	13.48	—	—	—	21.58	,,	Huang-tsun.....	,,	8.43	—	—		16.37	—	—	—
7.39	—	14.37	—	—	21.20	22.38	,,	Lang-fang	,,	8.05	—	—		15.41	—	20.54	21.51
8.03	—	14.53	—	—	—	22.55	,,	Lao-fa	,,	7.43	—	—		15.20	—	—	—
8.36	—	15.20	—	—	—	23.16	,,	Yang-tsun	,,	7.21	—	—		14.50	—	20.19	—
9.14	11.44	15.47	17.51	19.10	22.24	23.42	,,	Tientsin Central ...	,,	6.56	7.45	9.40		14.14	16.10	19.55	20.54
9.23	11.52	15.55	18.00	19.18	22.32	23.50	arr.	Tientsin East	dep.	6.45	7.35	9.30		14.00	16.00	19.45	20.45
9.35	12.05	16.05	18.20		23.00	24.00	dep.	Tientsin East	arr.	6.30	7.05		11.45	13.46	15.48	19.32	20.15
10.38	13.04	17.06				1.01	,,	Tang-ku	dep.	5.30			10.10	12.46	14.55	18.35	
11.46	14.00	18.13		Stop		2.07	,,	Lu-tai	,,	4.26				11.41	14.00	17.26	
12.34	—	19.00	FOR SHANGHAI		FOR PUKOW	2.58	,,	Hsu-ko-chuang.....	,,	3.30	FROM SHANGHAI			10.45	—	16.34	FROM PUKOW
12.52	15.00	19.18				3.15	,,	Tang-shan.....	,,	3.15				10.30	13.05	16.20	
13.06	15.11	19.29				3.30	,,	Kaiping.....	,,	2.55				10.10	12.51	16.07	
13.39	15.35	19.54				4.03	,,	Ku-yeh.....	,,	2.30				9.44	12.34	15.50	
14.29	16.07	20.28				4.53	,,	Lan-hsien	,,	1.32				8.45	11.55	15.07	
15.32	16.49	21.18				5.59	,,	Chang-li	,,	0.31				7.40	11.14	14.22	
15.56	—	21.37				6.24	,,	Liu-shou-ying	,,	0.01				7.12	—	13.59	
16.11	17.17	21.50				6.42	arr.	Pei-tai-ho	dep.	23.42				6.54	10.43	13.45	
16.16	17.22	21.55				6.47	dep.	Pei-tai-ho	arr.	23.37				6.49	10.38	13.40	
16.43	17.42	22.17				7.16	,,	Chin-wang-tao.....	dep.	23.09				6.25	10.20	13.20	
17.05	18.00	22.35				7.40	arr.	Shan-hai-kwan.....	dep.	22.40				6.00	10.00	13.00	
						8.20	dep.	Shan-hai-kwan.....	arr.	22.00							
						16.40	arr.	Shen-yang(Mukden	dep.	14.00							

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*1st and 2nd class composite car attached on days when steamer connects.

Tientsin, 1st January, 1936. **BY ORDER.**

bearing on our future dealings with the Chinese authorities. I can understand how our residents in Peiping are incensed at the verdicts returned by the British Court. It is to be regretted that our respect and trust in British judicial procedure has thus been betrayed."

Five Hundred Tientsin Shops Close Because of Smuggling Competition

In consequence of the rampant smuggling in North China, more than 500 shops in Tientsin closed down following the Dragon Boat Festival (June 24). Most of the shops which closed dealt in sugar, silk, cotton-yarn and other commodities which suffered keen competition from the illicit trade. Advices from Tsinan state that the smuggling situation there is becoming worse.

Apology Ends Tientsin Smuggling Incident

The Tientsin Customs Superintendent called on the Japanese authorities at Tientsin June 30 and tendered an apology to the latter in connection with the alleged insult to the Japanese flag of the *Taiei Maru*. Said Japanese ship, which had been detained by the Chinese Customs authorities at Tangku in connection with smuggling, was permitted to leave the port. At the request of the Japanese, a number of the officials of the Chinese Customs in Tientsin have been transferred to other districts. The two Japanese warships, which arrived in Tientsin in connection with the case, departed the same day. A report of the peaceful settlement of the incident, which threatened to develop into a Japanese naval seizure of the Customs cutter and interference with the customs patrols along the China coast, was sent to the Ministry of Finance in Nanking by the Tientsin Customs.

Japanese and Koreans Put Smuggled Goods on Tsinpu Railway Trains by Force—Pay No Transport Fees

According to figures released by the Ministry of Railways July 5, during the period from May 24 to June 18, Japanese and Koreans forcibly put aboard south-bound Tientsin-Pukow trains without paying transport fees more than 3,600 pieces of artificial silk, more than 420 packages of cigarette paper and more than 420 packages of sugar.

Japanese Officer Regrets Effect of "Special Trade"

"Deep sympathy" with legitimate Japanese traders in Tsingtao, who have suffered from the effects of the "special trade" conditions in North China, were expressed by Captain Tadao Honda, Chief of the Sixth Section of the Third Department of the Naval General Staff, on his arrival there from Tsinan July 7.

Domei states that restoration of the Sino-Japanese Customs Agreement of May 30, 1930, as a means to regulate the "special trade" in North China, is rapidly gaining favor among Japanese businessmen and officials. The "special trade," a high Gaimusho official stated, has its roots mainly in the high tariff schedule enforced by the Nanking Government, while the creation of new administrative units in North China has also played an important part in fostering it.

"This special trade," he added, "formed an expression of consumers' revolt against high tariff schedules or grants of tariff autonomy to North China. In the treaty of 1930 China agreed not to raise her import duties on certain specified articles higher than those levied according to the Import Tariff of 1928 for a period of three years. From May 22, 1933, when the agreement expired, the Chinese Government enforced a new import tariff which represented an increase of duty on a wide range of Japanese goods, including cotton textiles and sea products."

Vice-Admiral Oikawa, commander of the Japanese Third Fleet, arrived in Tsingtao July 3 from Shanghai aboard the *Idzumo*, to conduct a personal investigation into the allegedly illegal activities of Chinese Customs cruisers on the high seas in the vicinity of Tsingtao.

It is reported by the *Shun Pao* that the Japanese military and diplomatic authorities in Tientsin have decided to stop the practice of smuggling by Japanese and Koreans.

Customs Superintendents Are Supreme, Finance Ministry Spokesman Says

A spokesman of the Ministry of Finance July 1 described as erroneous earlier reports to the effect that the Ministry had instructed Customs Superintendents in various localities to leave all cases concerning smuggling to the Commissioners of Customs under their control. It was pointed out by the spokesman that the Customs Superintendents, by virtue of their official duties, have power to supervise all customs questions which include smuggling cases.

Smugglers Intimidate Preventive Officers by Bombs

A package containing two bombs was received at the Hsuchow Preventive Office, July 5, believed to be a "present" from smugglers as a way to intimidate Customs officers. The package was delivered to the Office at midnight by an unknown bearer who informed the clerk that it was a gift from a friend to Wang Tso-pin, head of the local Office. Upon his arrival at the office Mr. Wang thought it must be a "bribe," so he called in a police officer as a witness. But when the package was unwrapped, they found nothing but two bombs.

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Dr. T. T. Li, Publicity Director, Explains Press Regulations in Radio Broadcast

Dr. T. T. Li, Director of the Publicity and Intelligence Department of the Waichiaopu, delivered a broadcast radio address from Nanking, July 6, on "The Press and Press Regulations in China." Dr. Li gave a general survey of the press situation in China, explaining in particular the object of governmental press regulations and the reasons for their requirements. He said the Chinese Government has never had any intention of suppressing civil liberties or muzzling the press. Contrariwise the Government, he said, ever stands ready to welcome criticisms of a constructive nature, and no attempt has ever been made to mould public opinion into any prescribed form. Dr. Li said that it is only when there is deliberate misrepresentation that the news censor steps in. As compared with the system of censorship in most other countries, Dr. Li said, the Chinese form is both mild and constructive. Regarding the press censorship regulations approved by the Central Executive Committee on October 5, 1933, Dr. Li enumerated five types of news generally tabooed: first, news concerning military affairs prejudicial to Chinese national defence; second, unconfirmed or false reports harmful to China's foreign relations and diplomatic reports or documents not yet officially released; third, reports tending to create disturbances or financial panic; fourth, exaggerated reports of indecency or crime prejudicial to good public morals; fifth, unwarranted malicious attacks on responsible officials which affect the prestige of the Government. The enforcement of these regulations was at first left to local authorities and is now handled by the Central News Censorship Board in Nanking with its branch offices in all important news centers in the country, which have orders not to exceed their powers as defined in the censorship regulations.

Dr. Li said, "While I do not wish to question the high conception of journalistic ethics on the part of the majority of foreign journalists in China, it is nevertheless a fact that some have flagrantly abused their specially privileged position by spreading or helping to spread groundless reports, detrimental to the interests of the Chinese nation or defamatory to the Chinese Government or leaders. The frequency with which the Chinese Government has been called on to deny such reports and the unending crop of rumors circulated by foreign sources in treaty ports testify to this fact."

Continuing, Dr. Li jutsified the present form of censorship by China's internal and external difficulties. "Externally the Chinese Government has been a victim of military aggression as well as organized propaganda destined to discredit this country in the eyes of the world and to obscure and misrepresent the real issues in East Asia," he asserted.

"Nothing is too low for this form of propaganda and our patience can hardly be questioned when it is recalled that we have tolerated in our midst persons and agencies whose purpose is to slander the Chinese Government and people. Even presently we have to tolerate the presence in Shanghai of a journal owned and edited by a Manchukuo advisor, whose tirades against the ruling authorities would not have been suffered in any other land."

This case is, however, not typical of the foreign press in China, Dr. Li is happy to note, as relations between the Chinese Government and the foreign press in China are now far more smooth and cordial than several years ago.

U.S. Silver Policy Injurious, Foreign Policy Association Report Says

A report conducted by the Foreign Policy Association under the direction of John P. Young, a member of the faculty of Occidental College, issued this week, stated that the American Government's silver purchases, had cost more than the construction and maintenance of the Panama Canal, and have been economically injurious to the United States and the whole world. The survey saids that, instead of encouraging foreign nations to utilize more silver, as intended, the United States purchase program compelled China to abandon silver entirely and forced Mexico to substitute the use of paper money for silver. "China," the report continued, "may now assume a role similar to India and throw quantities of surplus metal on the market. It will then be too late for China to go back on silver."

Commenting on China's experience with managing her currency since the abandonment of the silver standard, the report termed it "thus far satisfactory." Management of currency at a relatively stable level, the investigators declared, is not easy for any nation, but the report added that "China should find it no more difficult than attempting to do business on the basis of a metal whose international value fluctuated like that of silver."

Kailan Miners Go on Another "Go Slow" Strike

Beginning June 26, the miners of the Kailan mine near Tangchiachun went on a "go-slow" strike. It is reported that the production of coal has been reduced by 400 tons day, because of this strike. The Bureau of Public Safety arrested more than thirty miners.

As a means of improving its relations with the Japanese Army it was reported that the Kailan Administration had decided to appoint a high Japanese official to its directorate.

Eurasia Corporation Elects New Directors

At a meeting of the Eurasia Aviation Corporation, July 4, Messrs. Lu Han-chin, Huang Ping-heng, Li Ching-tsung, Shen Shih-hua, Wei Yi-fu, J. K. Choy, R. Walter, A. Bolson, and H. H. Slarke were elected directors, and Messrs. Shen Te-chi, Huang Tseng-yueh, and A. Kross supervisors.

China to Purchase American Planes—U.S. Firms Invited to Take Part in Competition

The Sikorsky Aircraft Corporation announced in New York July 3 that the Chinese Government had invited several American firms to participate in competitions soon, envisaging the purchase of military planes. "We are sending an amphibian demonstrator to China in response to the request," an official of the Sikorsky Co. declared.

Tientsin-Dairen Air Line Inaugurated

An air line was formally inaugurated between Tientsin and Dairen July 5. The line has been organized by the Japanese Garrison in Tientsin and the Japanese Kwangtung Army in Manchuria.

Bill for U.S. Naval Air Base at Alameda Is Passed

By a vote of 171 to 123, the U. S. House of Representatines June 19 passed a bill authorizing the establishment of a naval air station at Alameda, near San Francisco.

"Hindenburg" Makes New Record, Flies Over Prohibited Areas in England

The German dirigible *Hindenburg* landed in Frankfort-on-Main July 5, after establishing another record, having made the trip from Lakewood, New Jersey in 45 hours and 39 minutes. In making the record trip the big airship flew over prohibited areas in England, among other places the Southampton Docks.

Ruth McCracken of Shanghai Ready to Take First Solo Flight

Miss Ruth McCracken, 19-year-old daughter of Dr. and Mrs. J. C. McCracken, of Shanghai, a student of aviation at Lake Erie College, Painesville, Ohio, where she is now in her junior year, according to letters recently received here by her parents, is ready for her first solo flight. Miss McCracken left Shanghai in 1932 at the end of her junior year at the local American School. She finished high school at Atlantic City and from there entered Lake Erie College, a prominent school for girls.

Japan to Spend Yen 600,000,000 on Air Defense

The Japanese Home Office authorities have decided to provide the leading cities of the country with air defense equipment and facilities on a 15-year plan at a cost of Yen 600,000,000.

Two Plane Crashes in Japan—Four Killed

Four Japanese naval fliers crashed to their death June 30, when a huge naval flying boat, with a crew of seven, encountered a storm while over the Wakayama Prefecture mountains, and crashed to the ground at 2.50 p.m. The other accident involved a naval plane, which crashed into a mountain at Oita Prefecture, in a heavy rainstorm bringing severe injuries to three non-commissioned officers.

Filipino Fliers Expected in Madrid May 11

Senores Juan Calvo and Antonio Arnaiz, the Filipino aviators who are en route from Manila, are expected to arrive in Madrid, July 11.

Royal Dutch Air Line to be Extended to Japan, China and Philippines

The Dutch Royal Air Lines will soon extend their Holland-to-Batavia air service to China, Japan and the Philippines, A. L. Van Dobben, K. L. M. Asiatic manager, disclosed in passing through San Francisco, en route to Amsterdam, last month.

Japan Imports 60,000 Tons of Salt from North China

As a result of the investigations and negotiations of special experts of the Japanese Government in North China, the Japanese Government has decided to import 60,000 tons of Changlu salt beginning from August, 1936. It is reported that the Mitsubishi Shoji Kaisha, Ld. has been appointed by the Japanese Government purchasing agents for Changlu salt in North China. According to the Japanese experts, there are more than 400,000 tons of Changlu salt stored in the salt fields and the quality of the salt is of the best.

Peng Yi-wu, New Magistrate, to Improve Economic Conditions of Model District

One of the important tasks confronting Peng Yi-wu, new magistrate of Hengchow (which was formally made an experimental district July 1) is setting himself to the task of the improving the economic conditions of the people. In achieving this purpose, Mr. Peng has announced that he will strictly observe two principles in his administration, viz., that direct control of the various bureaus under the district government will be effected and more technical personnel employed; also the structure of the various village self-governments will be simplified and rationalized.

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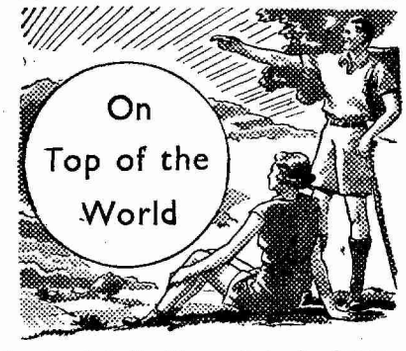

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166

Japan to Control Cotton Spinning Mills in Tientsin Area by End of This Year

By the end of this year, Japan will control spinning mills in the Tientsin area with about 300,000 spindles, not counting the 490,000 spindles in Japanese mills at Tsingtao, a recent *Reuter* dispatch from Osaka stated. Cloth and yarn turned out by these plants will be more than enough to supply all the needs of north China and the surplus will have to be sold in central and south China.

Japan will shortly approach the National Government of Nanking, asking for the removal of discriminatory treatment as regards the supply of Chinese raw cotton. Chinese spinning mills at present have a priority right to such cotton.

Japanese Cotton Experts Investigate Possibilities in Honan

Entrusted with the mission of investigating the cotton industry in North China, a party of cotton experts of the Japanese Colonial Office arrived in Peiping June 26. The group later proceeded to Honan to continue their investigations.

Cotton Production in China Estimated at 13,000,000 Piculs in 1936

The cotton production in China this year is estimated to be 13,000,000 piculs (of 133 lbs.) which represents an increase of twenty per cent compared with the total production of the previous year.

Reasons for the increase of cotton production this year are reported to be: (1) Increase of the cotton cultivation area; improvement of cotton seed by the Cotton Control Committee of the National Economic Council; financial assistance giving to the farmers by the Shanghai banks, and the suitable weather conditions this year for the cultivation of cotton.

According to an investigation made by the Japanese, the production of cotton in China during this year has reached 15,000,000 piculs, a figure unprecedented in the history of China.

Kincheng Bank Recommends Funds for Cotton Development in Hopei

The Executive Yuan has received a proposal from Chou Tso-min, Managing-Director of the Kincheng Banking Corporation, recommending the allotment of the balance of the North China War-Zone Relief Short-Term Loan (*Hua-Pei Chiu-Chi Chan-Chu Tuan-Chi Kung-Chai*) for the completion of the five-year plan for the promotion of the cotton industry in Hopei.

P.M. Railway Coaches, Built by Japanese Plants, Nearing Completion

Thirteen third-class passenger coaches, ordered by the administration of the Peiping-Mukden Railway from Japanese plants through the South Manchuria Railway Company, are nearing completion, the *Kokutsu New Agency* reported June 30. The carriages will be given a trial run at the South Manchuria Railway Company's yards at Shahokow before they, together with other cars built by the S.M.R. itself, are delivered to the Peiping-Mukden Railway.

Executive Yuan Rejects Hsuchow Railway Proposal

The Executive Yuan has definitely rejected the proposal by a number of Hsuchow public bodies for the construction of a railway along the southern embankment of the Yellow River from Shantung to Honan.

Canton-Hankow Railway Placed Under Single Administration

The Ministry of Railways has decided to place the entire Canton-Hankow railway line under one administration with a special committee composed of Chen Yin-chiung, Managing-Director of the Peiping-Hankow Railway.

Belgium Receives Extensive Orders for Chinese Railway Equipment

Extensive orders are being placed in Belgium for rails and rolling-stock for the renovation of a Chinese railway (generally believed to be the Sino-Belgian Railway). The Belgian Government has guaranteed payment, which will be spread over a period of several years. The amount involved is reported to be £3,000,000.

Chengtu-Chungking Railway Construction to Start Soon

It is announced from Chengtu that construction of the Chengtu-Chungking Railway will be started as soon as the surveying work, now being feverishly pushed, is completed. With a total length of 523 kilometers, the projected line will link up Chengtu with Chungking, passing Chienyang, Tzuchung, Neiking and Yungchuan, in the central and richest section of Szechwan.

Hsuchow-Sian Express Service Inaugurated

Express railway service between Hsuchow and Sian was inaugurated on July 1.

Construction in the near future of the Tsangchow-Shihchiachunag Railway having been decided upon, the Hopei-Chahar Political Affairs Committee has appointed Pan Yu-kuei, Director of the Political Affairs Bureau of the Committee, as Managing-Director. The new line, which will be 138 miles long, will link up three trunk railways, namely, the Tientsin-Pukow Railway at Tsangchow and the Peiping-Hankow and Chengting-Taiyuan Railways at Shihchiachuang.

Chekiang-Kiangsi Railway Company to Issue $12,000,000 Debentures

So as to replace the light rails of the Hangchow-Yushan Railway, the Chekiang-Kiangsi Railway Company has decided to issue debentures to the amount of $12,000,000. Negotiations are underway between the Shanghai bankers and the management of the company for the mortgage of the debentures for a cash sum of $10,000,000.

Sino-Japanese Gold Mining Firm Formed—Will Operate in Shantung

Mining operations at the Chaoyuang gold field in Shantung will be started early in January next year by a joint Sino-Japanese firm, Tsurumatsu Toshimitsu, main promoter of the concern announced in Tokyo July 4. Permission to start work was granted by the Nanking Government on May 11, he said. The mining company will be capitalized at $1,700,000.

Japanese Purchase Wool in South Africa

Osaka advices state that wool importers in said city filed orders for 10,000 bales of South African wool in June in direct deals with producers at Port Elizabeth and East London.

Formation of a special committee to draft a national policy on the manufacture of fiber and its ingredients has been decided by the Federation of Rayon Manufacturers in Osaka as a direct result of the commencement of commercial hostilities between Japan and Australia.

Partial Lifting of Discriminatory Laws in South Africa

Gratification at the partial lifting of statutes discriminating against Japanese by the South African Government was expressed in a statement issued by the Tokyo Foreign Office July 1. A ban against the residence of persons of colored race to live in Johannesburg and the refusal of the authorities there to license such individuals to engage in wholesale business caused serious difficulties in the conduct of Japanese business, the statement said. "Moreover, Japanese lawfully entering South Africa under the 1930 Trade Agreement found it difficult to secure lodgings in Johannesburg and were, in addition, virtually compelled to operate under the name of a South African," the stament added.

As a result of negotiations between Tomotsune Ohta, Japanese Consul in Capetown, and the Union authorities, a bill revising such discriminatory laws was passed in the legislature on June 1.

Australian Wool Dealers Become Restless

Growing dissatisfaction with the effects of the new tariff imposed by the Canberra Government upon Nipponese goods among the wool dealers in Australia was reported to the Tokyo Foreign Office by Kuramatsu Murai, Japanese Consul-General in Syndey, July 3.

Taking advantage of the restricted import of Australian wool into Japan, the Great Mongolia Company, formed last October by the Okura interests, will shortly begin purchases of Mongolian wool for shipment to Japan. The Company, which has a capitalization of Yen 500,000, has been very active in Inner Mongolia since the inauguration of the Chihfeng-Yenpeishow railway, opening up markets for Nippon-made goods.

Chinese Wool Trade Described in "Chinese Economic Journal"

The Chinese wool trade is described at length in the *Chinese Economic Journal* for June, published by the Bureau of Foreign Trade at 1040 North Soochow Road, Shanghai. The production of wool is an important industry in the North-west provinces. Tsinghai and Mongolia, where better-grade wool is obtained, is ideal for for sheep-raising, good pastoral land extending from Dalainor and Kalgan in the east to Kokonor and Tibet in the west. On account of the elevation of this district and its rigorous winter, the wool is long, with a strong and silky fibre, and of very soft and fine texture. The annual wool clip in Tsinghai is estimated at 80,000 piculs. Production in the southern part of the Province is not large, and shipments of wool are made to Szechuan via Kansu. The production of wool in Chahar and Suiyuan provinces is abundant and supplies from Kansu and Tsinghai destined for Tientsin usually pass through this district.

Kalgan is the principal market between Mongolia and Tientsin, and wool produced in the north (with the exception of that from Hopei, Shantung, Chinchow and Eastern Mongolia) passes through this district.

The United States is the principal market for wool from China, followed by Japan and Great Britain. Though the British demand for China wool is good, the demand is for finer qualities, and for this reason rough and hard varieties are not of much use to buyers in Great Britain.

Soviets Take into Custody Four Japanese Cavalrymen Who Cross Border

Tass reports from Chita state that on June 28 about 3 o'clock in the afternoon, four Japanese cavalrymen, who rode up to the Soviet border from the direction of the city of Manchouli, crossed the border and penetrated three kilometres into U.S.S.R. territory. The violoters of the border were detained by Soviet border guards. Among those held were one junior non-commissioned officer and three soldiers. Four Japanese rifles, four horses, four swords and two field glasses were taken from them.

Japanese Ambassador Ohta visited the assistant Peoples Commissar of Foreign Affairs, Stomonyakov in Moscow June 2, and upon instruction from his Government asked for a speedy return of the four Japanese cavalrymen. At the same time Ohta mentioned that the territory on which the Japanese cavalrymen were detained is disputable, and asked that measures be taken towards a non-repetition of similar incidents.

Soviet contentions that the capture of four Japanese troopers by Red border guards in the Manchouli region on June 29 were justified, as the area in question became Russian soil under the Tsitsihar Agreement of 1911, will be contested, Tokyo officials indicated July 3.

Two Manchukuo peasants and one cow were captured by Soviet border guards, after an hour's skirmish with Manchukuo patrols, at Shaochang, east of Lake Khanka, on the morning of June 27, reports received in Harbin, June 30, from the border region said.

Soviet Planes Alleged to Have Crossed Manchurian Border

Two Soviet military airplanes engaged in what was believed to be scouting at a low altitude for about 20 minutes on the morning of July 4 in the vicinity of Liutaokuotsu, across from Keiko in North Korea, at the junction of the Soviet, Korean and Manchukuo borders, the headquarters of the Chosen Army announced early this week.

General Graves Says Soviet Union Is a Power for Peace

Soviet Russia To-day (New York) published an article June 20 by the former commander of the American Expeditionary troops in Siberia in 1919, General William Graves, who stated that the Soviet Union is a great power for defending peace under the present troubled international situation. "The Soviet Union's proposals for international disarmament, the conclusion of non-aggression pacts and other measures for ensuring collective security, undoubtedly represent the greatest contribution to the cause of peace since the world war,"—according to General Graves.

Japapese Schooners off Khamchatka Detained by Soviets

Two Japanese schooners found fishing in Trekhpolosny Bay, June 26, on the east coast of Khamchatka, inside the three-mile limit, were detained by the Soviet authorities. Two others were caught the following day, one in Suvich Bay, West Khamchatka, and the other in the mouth of the Opal River. The latter had had set 200 nets, which were thrown into the sea on the approach of the Soviet guards.

Gaimusho officials criticized the detention of the four vessels, on the ground that such acts tended to deal a heavy blow to Japanese fishing in the north. The Japanese Government filed the usual protest with the Soviet authorities.

Stomonyakov Draws Otha's Attention Arbitrary Actions of Japanese in Kamchatka Waters

In a conversation with Japanese Ambassador Ohta, Assistan Foreign Commissar Stomonyakov, in Moscow July 4, drew the Ambassador's attention to the arbitrary actions of a Japanese torpedo-boat, which permitted itself to place near the shores of Kamchatka, in the region of Hariuzovo Strait and the island of "Ptichy," eleven signs in the form of Japanese flags within the 12 mile sea frontier zone of the U.S.S.R.—along a line which according to the commander of the above mentioned torpedo-boat is the frontier of the three mile territorial waters of the U.S.S.R. Besides, the commander of the torpedo-boat sent letters to captains of Soviet vessels informing them of the signs placed, which contained threats in case of their removal.

Japanese Smugglers Caught by Manila Customs

Attempts by several Japanese to smuggle goods into the Philippine Islands were thwarted June 30 when the Manila Customs authorities seized 20 bales of undershirts which had been shipped as cotton waste. The name of the Japanese importer was withheld.

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HELP YOURSELF TO NEW HEALTH

by a course of this world famous tonic for the blood and nerves.

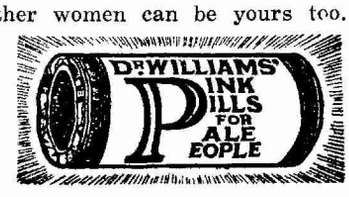
The prescription of an eminent physician, an M.D. of Edinburgh University, Scotland, Dr. Williams' Pink Pills were again recently subjected to extensive clinical tests. A group of anaemic, run-down, men and women in Canada, after having their blood tested, were given a month's course of Dr. Williams' Pink Pills, and at the end of that period a second blood test showed that all of them registered great improvement in the number of red blood corpuscles and the haemoglobin content of the blood. They all looked better and felt better.

HERE IS FURTHER EVIDENCE.

"I suffered from anaemia for over two years," states Mrs. D. Halliburn, of 35 Alton Road, Tuebrook, Liverpool, England. "I had no appetite, grew weak and thin, had fits of crying, could not sleep, and was reduced to a nervous wreck.

"Nothing seemed to give me relief until I tried Dr. Williams' Pink Pills. Then, after three weeks use of these pills, I showed signs of improvement which continued until today I am like a new woman, absolutely fit and able to enjoy life to the full."

This experience of other women can be yours too. If you are not feeling as well as you would wish begin your own cure today. Chemists everywhere sell Dr. Williams' Pink Pills.



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West China University Holds Graduation Excercisea

The graduating exercises of the West China Union University were held at Chengtu June 22, when 58 were given diplomas. The Baccalaureate sermon was preached by Dr. P. C. Hsu of Peiping.

The West China Union University received a grant of $25,000 recently from the American Boxer funds. A similar grant is to be given next year. This is to go towards furnishings for the new University Hospital. An appeal has been made to the British Boxer fund also for assistance and there is some hope of a large grant being made for hospital buildings.

243 Students Graduate at Tsing Hua University

Two hundred and forty-three students were graduated this year by Tsing Hua University in Tientsin. The University authorities have decided to hold no commencement exercises this year.

Four Tsing Hua Students Dismissed for Blocking Annual Examinations

Four students were expelled from Tsing Hua University June 30 for blocking the annual examinations which were to have begun on June 18. They are Liu Yu-ying, Huang Cheng, Chen Yuan and Wu Chen-ming. All four are leaders of the Students' National Salvation Association. Besides the four students, 13 others have been given two grand demerits each for the same offense.

To Promote Education by Radio Pictures

One of the features of the educational appropriations for the current fiscal year beginning July 1 is the large amount devoted to the promotion of mass education via the radio and the motion picture way. Of the total educational appropriations listed, amounting to $44,339,962, no less than $5,000,000 have been specifically laid aside for mass education by radio and films.

Executive Yuan Acts to End Unemployment Situation

The Executive Yuan's plans for the solution of the unemployment situation among college graduates in China will be translated into action on October 1. For a period of six months, 1,000 unemployed college graduates from the classes of 1933, '34 will be enrolled for training to take government positions. Following the six-month training, it is stated, the graduates will be given practical work of from there to six months. During the training period each graduate will be given a subsidy of $40.

The first annual meeting of the Sino-German Cultural Association will be held in Nanking July 28, it was decided at a meeting of the Board of Directors over which Dr. Chu Chia-nua presided July 6. It was also decided to offer several scholarships for advanced studies in Germany.

Peiping Student Sues Fellow Students for Alleged Libel

A preliminary investigation of charges of criminal libel brought by Kung Hsien-tan, a fourth year student of political science at the National University of Peking, against ten fellow students, opened at the Peiping District June 29. Judge Sung Shao-hsiu presided. The complainant appeared in person with his lawyer, but none of the ten accused turned up.

Examined by the judge, Mr. Kung said that, at a recent student meeting, he openly spoke against the strike as a means of patriotic propaganda, saying that this was not only ineffective but involved a great waste of valuable time on the part of the students. For this opposition, he was roughly handled by his fellow students. Not satisfied with this, they then attacked him in a publication, describing him as a traitor. This was something he could not bear, and, therefore, he had brought this action to vindicate his name.

Madame Chang Donates $6,000 for Primary School

Madame Chang Hsueh-liang, wife of the Deputy Commander-in-Chief of the Northwest Bandit Suppression Forces, has donated $6,000 for the establishment of a primary school in Sian . The new school will be named "Tung Huang," or "Looking Eastward," the "East" referring, apparently, to the Northeast Provinces which are now being occupied.

666 Primary Schools to Be Established in Kansu

The Kansu Provincial Government has decided to establish 666 short term primary schools throughout the province during the present academic year (1936-37). It is estimated that these new schools will cost $251,740.

Twelve Chinese from Shanghai Receive Degrees at New York University

Twelve Chinese from Shanghai received degrees at the 104th commencement exercises of New York University, held June 10, as follows:

Loh-ming Tung, Master of Business Administration; Hsueh-chang Pang, Aeronautical Engineer; William C. S. Ma, Juridicae Scientae Doctor; Tsi Suan-cheng, Master of Laws; James C. K. Wu, Juridicae Scientae Doctor; Ming-guy Quock, Bachelor of Science in Business Administration; Mo-gung Yu, Juridicae Scientae Doctor; Hayen Ho, Juridicae Scientae Doctor; Ting-kee Yao, Juridical Scientae Doctor; Shih-yung Wang, Master of Laws; Cheng Tai-yu, Master of Laws; and Han-tung Liu, Aeronautical Engineer.

Who's Who in China

Alfred C. T. Li, lecturer and research worker on Chinese problems: born at Foochow, 1902; graduate of the Anglo-Chinese High School, Foochow; B. A., Ohio Wesleyan University, Columbus, Delaware, Ohio; M.A., Ohio State University, Columbus, Ohio; Ph. D., New York University, New York City, N. Y.; Phi Beta Kappa, Ohio Wesleyan, 1925; University Scholar, Ohio State, 1925-26; Second Prize in Oration, Ohio State, 1926; founder of the Institute of Ethical Politics, Ohio State, 1926; president, International Forum, St, Louis, 1926-27; Penfield Fellow in Diplomacy, New York University, 1927-28; contributor to magazines; from 1928 to 1933 lecturing on China throughout the States, including 50 colleges, 500 high schools, 300 Rotary clubs, 200 Kiwanis clubs, many Lions clubs, woman's and church organizations, etc; for some time connected with Kwang Hua and St. John's universities, Shanghai; now connected with the Council of International Affairs, Nanking; address, 15.2 Han Fu Street, Kuo Fu Road, Nanking.

李治泰
Alfred C. T. Li (Li Chi-tai)

李治泰，福建閩候人，現年三十四歲，福州英華中學畢業，美國奧孝省烏利大學政治學學士，奧孝省立大學政治學碩士，紐約大學政治學博士，民國十四年被選爲美國最高榮譽學會 (Phi Beta Kappa) 會員，同年得奧孝省立大學獎金美金三百元，同時演講比賽第二名得獎銀牌一面，十五年被推爲聖路易城國際聯合會會長，十六年得紐約大學獎金美金一千元，常於彼邦書報上發表關於中國政治社會之論文，由民國十七年至二十二年旅遊全美講演遠東問題，所到講演機關計共大學五十所，中學五百所，扶輪社三百處，返國後歷任光華聖約翰等大學教授，現充南京國際關係研究會研究員。

Wilbur Burton Deported from Dairen—Allowed to Proceed to Japan at "Own Risk"

A *United Press* telegram from Tientsin, July 6, stated that Wilbur Burton, of Shanghai, American free-lance writer for newspapers and magazines, and a special correspondent for the *Baltimore Sun*, was deported from Dairen July 6 as an "undesirable alien." He had been seeking entry into Manchukuo. Dairen authorities allowed him to proceed to Kobe "at his own risk."

Mr. Burton, who is somewhat of a stormy petrel in the newspaper world, has had quite an adventurous career. He has recently been contributing articles to *Asia*, the one in the May number concerning Chiang Kai-shek's "Blue Shirts" being responsible for the magazine having been banned by the National Government. During the hectic period of 1927 he was engaged in publicity work for the more radical Nationalistic element, first in Peiping, then in Canton and finally at Hankow. He returned to China several years ago, after a period spent in the United States, where was in the service of the *Associated Press* at Atlanta. He is a native of Indiana and a graduate of Purdue University.

Yu Yah-ching, Wealthy and Respected Citizen of Shanghai, Celebrates Seventieth Birthday

Yu Ya-ching, one of the leading Chinese merchants of Shanghai, and head of the local Ningpo community, celebrated his seventieth birthday July 6, an occasion which was marked with festivities for three days. His life reads like a Horatio Alger romance. He came here from Ningpo as a boy and is now one of Shanghai's wealthiest residents, a banker, shipping magnate and a member of the Shanghai Municipal Council. Yet rich a man as he is, his biographer relates that he thought he was making a great bargain when in his younger years he sold his landed property for $5,000,000; yet had he held the same and sold out right after the World War the same property would have netted him $75,000,000.

In the United States Court for China

GLADYS MAUDE ARNOLD, Plaintiff, vs. HERBERT OMEGA ARNOLD, Defendant.	Cause No. 4080 Civil No. 1958 ORDER Filed at Shanghai, China, July 2, 1936. William T. Collins, Clerk.

The object of this suit is to secure a decree of divorce:

WHEREAS plaintiff herein, on the 29th day of June, 1936, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, the Summons for defendant was returned by the United States Marshal for China, "Not to be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, Gladys Maude Arnold, the plaintiff herein, filed an affidavit to the effect that the defendant, Herbert Omega Arnold, does not reside within the jurisdiction of this Court.

NOW, THEREFORE, it is, this 2nd day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the last day of publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.

MILTON J. HELMICK
JUDGE.

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The National City Bank of New York, Rates of Exchange

Shanghai, July 8, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.35
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.30
Demand selling rate on London:	£1.0.0=Sh. $16.88
Demand buying rate on London:	£1.0.0=Sh. $16.54

77-245

Men and Events

Paul Naggiar, new French Ambassador to China, presented his credentials at Nanking July 9.

Large quantities of foodstuffs are being purchased by Japanese merchants in Shanghai and Wuhu, monstly rice, wheat and beans.

Miss Anna May Wong, Chinese-American film star, returned to Shanghai this week after an extended sightseeing trip in Peiping.

William Woodhead, son of H. G. W. Woodhead, editor of *Oriental Affairs*, left Shanghai last week for Durban, South Africa, on a business trip.

Mrs. Joseph C. Grew, wife of the American Ambassador to Japan, is due to sail from Kobe July 15, for Tientsin. She will be accompanied by Miss M. Langer.

The Bank of China opened its agency in Wall Street, New York, July 1. The agency will be jointly managed by C. H. Wang and H. D. R. Burgess.

The Medical Education Committee of the Ministry of Education has decided to open an advanced course in midwifery at the First Midwifery School at Nanking this year.

The death occurred at Port Said, July 2, of Dr. Robert McLean Gibson, who was on his way to Hongkong from England on his retirement from the London Missionary Society.

Carl Nephrud, connected with the Chinese Maritime Customs administration at Pakhoi, South China, has been transferred to Shanghai where he will serve as Appraising Commissioner.

More than 7,000 qualified physicians have been granted permits by the National Health Administration to practice in different parts of China, according to an announcement in Nanking July 6.

Forming part of the Kwangtung reconstruction program for the 25th fiscal year, a huge radio station is to be built in the northern suburbs of Canton. Teng Sung-yao has been appointed director of the station.

Having completed his mission in China, Leon Coursin, road expert from the League of Nations, will sail from Shanghai for Europe July 12. The League expert has spent more than seven months in China.

Gibb, Livingston & Co., British shipping and export firm in Shanghai, celebrated its hundredth anniversary July 1. The founders were T. A. Gibb and W. P. Livingston, who opened an office in Canton in 1836.

The death occurred at Chefoo June 22 of Mrs. J. F. Dahlgren, wife of Lieut. J. F. Dahlgren, United States Naval Commander of the U.S.S. *Finch*. Lieut. J. F. Dahlgren is the son of Professor Dahlgren of Princeton University.

Dr. Elam J. Anderson, former principal of the Shanghai American School and now president of Linfield College, McMinnville, Oregon, has been given the honorary degree of L.L.D., by the Ottawa University, Ottawa, Kansas.

Mrs. J. W. Ballantine, wife of the American consul-general in Mukden, recently returned to Mukden from Shanghai with her daughter, Miss Betty Ballantine, who was graduated from the Shanghai American School this year.

Irene Kuhn (widow of the late Bert L. Kuhn, formerly of the staff of *The China Press*), is to be editor of *New York Woman*, a new weekly magazine for women which will be published in New York City starting Sept. 9.

The Ping Hsin Printing Press in Peiping has been suppressed for printing reactionary literature. This action was taken following a raid on the premises of the Press, in the course of which copies of a communist publication, called "The Battle Cry," were found.

Shinkichi Hanagata, of Tokyo, who was one of the 25,000 contestants in a trademark design contest for the new Pickford-Lasky Film Company, June 30 was awarded a prize of $100 for his work at Hollywood. The first prize winner has been awarded $600.

Problems of human life from a scientific approach was the subject of a recent address by the well-known philosopher Dr. Carson Chang, professor in Hsueh Hai Academy at Canton. His speech was a resume of recent development of thought in China.

Dr. A. B. Lewis, who has had charge of the department of agricultural economics at the University of Nanking for the past two years, departed for the United States last week. He was accompanied by Mrs. Lewis and they proceeded first to Europe by Trans-Siberian railway.

S. E. Rubens, former President of the Great American Petroleum Company, arrived in San Francisco July 29 on the s.s. *General Sherman* from Shanghai where he had been arrested on a warrant charging 41 counts of grand theft in connection with oil promotion work near Galt, California.

The centre of military activity in the Nanking-South-West imbroglio contest having shifted from Southern Hunan, which now appears to be under the Government's complete control, to the Kwangsi-Kweichow and the Kwangtung-Kiangsi borders, ten British missionaries last week evacuated Kweilin, where the Kwangsi military are reported to be making heavy concentrations. American missionaries have also been withdrawn from various towns along the Kwangsi-Kweichow border.

The degree of Master of Science in Metallurgy was conferred on Shuehling Woo of Shanghai by the Carnegie Institute of Technology, in Pittsburgh, Penna., June 8. He is a son of Mr. and Mrs. T.Y. Woo of No. 1 Saiching Terrace, Anlan Road, Shanghai, and a graduate of Tatung University.

The Ministry of Education has accepted the resignation of Richard Yen from the post of Director of the College of Fine Arts in Peiping and has appointed Chao Chi to succeed him. Mr. Yen is a son of the late Yen Hsiu and has studied painting in the United States and France. The new director was until lately president of Shantung University.

A National Children's Health Exhibition will be held in Nanking from July 25 to July 31, according to a decision reached at a meeting of representatives of the National Health Administration, the National Committee for Enforcement of Children's Year, the Nanking Municipal Bureau of Social Affairs and other interested organs in the Capital July 7.

Miss Mona Florence Gock-Gew, daughter of Mr. and Mrs. Harry Gock-Gew, and Dr. George Ching of St. Luke's Hospital and formerly of Honolulu, were married at the U.S. Consulate General in Shanghai July 3, Reverend C. S. MacRae officiating. The couple sailed the next day on a honeymoon trip to Honolulu, the birthplace of the bridegroom.

Pierre Dufour, formerly with the *Havas* News Agency at Paris, Madrid, Washington, and New York, arrived here from Paris last week via Siberia and is now with the local *Havas* office. He will leave in a few months for Mukden. Jacques Marcuse has been temporarily shifted to the Tokyo office of *Havas*, and will return to the local office this autumn.

Attempts of Maestro Mario Paci to fill three of the 11 vacancies in the Shanghai Municipal Orchestra from Japan have failed, the *Shanghai Nippo* reported July 1. Japanese musicians who could fill the requirements set down by Mario Paci were all found to be indispensable to their respective organizations in Japan and unable to accept the invitation, the *Nippo* said.

Upwards of 5,000 accomulated cases in the Supreme Court at Nanking were liquidated during the past year, according Chiao Yi-tang, president of the Court. To meet the mounting number of cases, the highest tribunal has during 1935-1936 added four divisions for criminal cases. At present there are altogether 16 divisions, 5 for civil case and 11 for criminal cases.

Dr. Y. Y. Tsu, member of the faculty of St. John's University at Shanghai, in the course of an address to the Commonwealth Club in San Francisco July 3 said that China will eventually forget her internal differences and unitedly oppose Japanese aggression. Gen. Chiang Kai-shek, he asserted, was similar to Abraham Lincoln in America in trying to hold his country together.

Eighty inmates of the Third Prison of Hopei, situated in Tientsin received the Sacrament of Confirmation recently at the hands of H. E. Bishop J. de Vienne, C. M., Vicar Apostolic of Tientsin. The ceremony took place in the assembly hall of the prison. At the Mass which preceded the ceremony, approximately 130 of the 150 persons present received Holy Communion.

Mrs. Helen Ward Bromfield, veteran journalist and resident in the Far East for nearly 30 years, departed from Shanghai this week, for San Francisco. She intends to retire to her Chinese-style residence in Sausalito. Mrs. Bromfield first came to Shanghai in 1909. from the American Middle West. She was married to an Englishman, and acted as a British agent in Russia during pre-revolution days.

The death occurred in New Haven, Conn., July 2, at the age of 74, of Amos Parker Wilder, United States Consul-General at Shanghai from 1909-1914. A graduate of Yale University, Mr. Wilder was editor of the *New Haven Palladium* from 1888 to 1892, later becoming an editorial writer in New York. From 1894 to 1911, he was connected with the *Wisconsin State Journal*.

J. Merle Davies, Secretary of the Social and Industrial Research Department of the International Missionary Council, left London on June 10 for the U.S.A., en route to the Far East, where he is to direct certain studies to be undertaken in preparation for the World Missionary Conference in 1938. He is due in Shanghai about the first week in October and will make his headquarters in the Mission Building.

China's leading authorities on political science met in Nanking July 3-6, when the second annual convention of the China Political Science Association, was held. Presiding over the opening meeting, Wang Shih-chieh, Minister of Education, declared that the root of the present social disorder and international confusion lies in the unequal development of social and natural sciences.

Failing to secure redress from the French Government vis-a-vis the shooting incident at Kwangchowwan, the French leased territory in southern Kwangtung, last April, the Chinese populace there are agitating for a hearing of the case by the League of Nations. Meanwhile, it is reported the Chinese community at Kwangchow Bay are also launching a campaign for the rendition of the territory. Chen Chih-li, it is learned, has been elected delegate to proceed to Nanking to petition the Central authorities regarding this matter, which, it is understood, may be brought up for discussion at the forthcoming Second Plenary Session of the C.E.C.

The following diplomatic changes were announced by the Ministry of Foreign Affairs at Nanking last week: Yu Ti, Acting Consul at Amsterdam, Netherlands; Li Chang-ching, Vice-Consul at Khabarovsk, to be recalled and Hsu Wang-fu transferred as his successor; Peng Ming-hua appointed Vice-Consul at the Consulate-General at Blagovestchensk; Ma Tien-chien appointed Acting 2nd Secretary of the Embassy in Tokyo.

Miss Rose Quong, Australian-born, arrived in Shanghai last week from the United States, after concluding three successful lecture seasons in the United States and in the United Kingdom. She has come to in China to collect background material for her forthcoming talks which will begin in October in the United States and England. Miss Quong's work as a lecturer is backed by her ability as an actress. In Australia she had long been known for her work in producing classical English plays.

H. I. Harding, British Consul General at Kunming (Yunnanfu), who a few months ago was the center of a controversy between the British and Chinese authorities owing to the fact that he had assaulted several Chinese Boy Scouts who had allegedly entered the Consular garden without permission, departed end of June for England, travelling by way of Burma. It was mentioned by the British Home office at the time that Mr. Harding would shortly be transferred to another post.

An official Spanish Consular notice announces the forthcoming marriage of Miss Nina Barsamova, Russian, to Paulino Ituarte y Elordi, Spanish, a player in the "hai alai" organization. Miss Barsamova was "Miss Shanghai" in a Canidrome beauty contest several years ago and was sent to Hollywood where she spent a year studying to become a movie actress, but later returned to Shanghai. She is a native of Harbin and was assisted to come to Shanghai in 1929 by the late Geo. Hanson, then American Consul-General in said city.

The text was made public in Nanking July 4 of a telegram sent to General Chiang Kai-shek by Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, on his departure from China after a seven-month visit, together with the reply of the Generalissimo. Sir Frederick wired to General Chiang expressing his warmest thanks for the reception which had been accorded him and hoping that his Mission may have contributed to strengthening the ties of friendship and cooperation between Britain and China. General Chiang in his reply said Sir Frederick's good wishes were warmly reciprocated.

Jian Chen, Director of the Central Mint, and Mrs. Chen were hosts at a dinner party July 2 in the sky terrace of the Park Hotel, Shanghai. Prominent among the guests were Mr. and Mrs. K. C. Li from New York and M. R. Nicholson head of the U. S. Treasury office in Shanghai. Mr. Li is connected with the Wah Chang Trading Co. Mr. and Mrs. Li Ming gave an informal luncheon July 2 in honor of Mr. and Mrs. K. C. Li. Others who made up the party were: Mr. and Mrs. Tsuyee Pei, Mr. and Mrs. Y. C. Woo, Mr. and Mrs. Li, brother and sister-in-law of the guests of honor, and Dr. and Mrs. Sze Ming-sze.

C.M.S.N. Wharf and Godown Administration Inaugurated

The new wharves and godowns administration of the China Merchants' Steam Navigation Company was inaugurated July 1, when P. Y. Tan, manager, Yuan Hsin-i and Captain G. H. Price, assistant managers of the administration, were inducted into office. Officiating at the ceremony, Wu Yu, representative of the Ministry of Communications, delivered a brief address, in which he expressed gratification over the steady progress made in the navigation service since the recent reorganization of the company. J. K. Choy, General Manager of the Company, was the next speaker, who urged the responsible officials of the new administration to do their utmost to make the new project a success.

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In the United States Court for China

ADELAID VAN DE VEERE, Plaintiff, vs. CLYDE F. VAN DE VEERE, Defendant.	Cause No. 4083 Civil No. 1961 ORDER Filed at Shanghai, China, July 8, 1936. WILLIAM T. COLLINS Clerk

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 8th day of July, 1936, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since 1934, and that defendant's last known address was Seventh & Hill Streets, Los Angeles, California, United States of America.

NOW, THEREFORE, it is this 8th day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW", Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 8th day of July, 1936.

MILTON J. HELMICK
Judge.

New Books of Interest in the Far East

John Gilbert Reid Writes on the Manchu Abdication

The Manchu Abdication and the Powers, 1908-1912: An Episode in pre-War Diplomacy. A study of the Role of Foreign Diplomacy during the Reign of Hsüan-T'ung. By John Gilbert Reid. University of California Press, Berkeley, California. 1935. 313 pages of text, 104 pages of notes; topical index. U.S. $5.00.

The French Foreign Minister Delcasé was aptly called the Nemesis of Bismarck. To guard against a second war with France after 1871 Bismarck sought to isolate that country, and by buliding the Triple Alliance he succeeded effectively. After Bismarck's dismissal in 1890, however, France and Russia began to court each other. Great Britain in splended isolation looked on, hostile as ever to Russia, hostile even to France after the Fashoda episode. At this point the full skill of Delcasé was revealed. Thanks to him emerged the Franco-British Entente of 1904, and more remarkable still Britain and Russia drew together, thus completing in 1907 the arch of the Triple Entente. Moreover Britain, in emerging from her diplomatic isolation, had already made the Anglo-Japanese Alliance in 1902.

One needs to recall this background to appreciate the significance of the substance of Dr. John Gilbert Reid's very able and original book, "The Manchu Abdication and the Powers, 1908-1912." Dr. Reid, it should be remarked, is the son of the late Dr. Gilbert Reid, founder of the International Institute of China, whose contact with the imperial officialdom of China in the years covered by this study was sympathetic and close. This book may be said to come therefore out of intimate, even if largely indirect, personal experience. The author gives no hint of this, however, for his book is built up out of the great store of diplomatic and other documents now available for the eventful years from 1908 to 1912 that mark the death of the Old Buddha Tzü Hsi and the abdication of the Manchus.

The abdication of the Manchus comes first in Dr. Reid's title, and this indeed is his central theme. The question he suggests, however, is the part played by the powers and their effect upon the outcome of events. It is well known that a new impetus to reform came in China after the Russo-Japanese War. When the reign of Hsüan-T'ung began it would seem that an opportunity was given the Western powers to encourage modernization in so far as the prince regent showed readiness for it, and to show a sympathetic interest in maintaining the monarchy while the constitutional movement was in progress.

Dr. Reid shows with great objectivity that the powers not only did not assist the government in this period, but on the contrary made things so difficult by their rivalries that a hostility in the provinces and the nation developed against the Manchu rulers and made their downfall inevitable. These were years of liberalism in the West, but the promise of liberalism in domestic politics did not enter much into international diplomacy. Each nation was out for itself, if not so defiantly as in the years preceding the Boxer outbreak, nevertheless no less persistently. Moreover the newly sealed Triple Entente entered very noticeably in Far Eastern affairs. Great Britain was tied to the Entente and also to Japan. Russia and Japan were thus in an impregnable position in Manchuria, where most of the rivalry centered. These two nations by the Isvolsky-Motono agreement of July 4, 1910 undertook to maintain the *status quo* in Manchuria, and therefore the continuation of the tradition of concessions and privileges of the past, without any suggestion that China might one day regain independence and control.

The record of the United States in these years is not without faults, of which inconsistency was one. In the year 1908 the Root-Takahira notes were signed, recognizing "the existing *status quo*" as regarded Japan's position, although Tang Shao-yi arrived in Washington that very day, Nov. 30, confidently expecting American aid in Manchuria. This was under the Roosevelt administration. The Taft administration pursued a different policy, based upon the principle that China might ultimately regain control. Japan had good cause to feel the Taft policy to be an intrusion; also this policy was unfortunately too intimately associated with the plans of self-interested American railway magnates. Nevertheless the Knox plan of neutralization was essentially sound and statesmanlike. The United States played a lone hand for the most part and was defeated by that fact in the face of the alliances.

In any case the diplomacy of these years under review undermined the prestige of the Manchu government and hastened its extinction. When Woodrow Wilson became president he reversed the Taft policy in respect to the six-power consortium, with the result that the American bankers had to withdraw. Though this was in the best tradition of American foreign policy it helped to defeat a cooperative Western policy in which the United States might have taken the lead. With the failure of Western cooperation the way was left open more and more to a single nation, Japan, and not less imperialism but more has been the result.

It must be evident then that in more ways than one the years treated by Dr. Reid in this admirable study were of extraordinary significance, and that their influence underlies the situation in the Far East today. D. R.

July 5, 1936.

Bureau of Foreign Trade Issues Importers' and Exporters' Directory

The Bureau of Foreign Trade has just issued an Importers' and Exporters' Directory. The book contains the name, address, nationality and principal lines of business handled by a total 1,397 commercial firms in all the most important ports of China and in Hongkong, the latter port being included by reason of the many Chinese firms established in the British colony which are engaged in import and export business into and from China. The work is based on facts and data collected by three groups of investigators, one for North China including Tsingtao, Tsinan, Tientsin, and Peiping, under P. Q. Chow; another for Central China, including Hankow and Yangtse River ports, under Jackson Pong; and the third for South China including Canton, Amoy, Hongkong, etc. under M. O. Hau. The Shanghai area was covered by Z. T. Kyi.

A Manual on Modern Business Correspondence

"Modern Business Correspondence" is the title of a 162-page manual compiled by T. Y. Yu, published by the Chung Hwa Book Co., Shanghai. The author discusses the composition of business letters, the essential qualities of business correspondence, the mechanics of letter writing, sales letters, follow-up letters, and the many other varieties of letters that go to make up the daily routine of business life.

Trustees of British Boxer Indemnity Fund Make Report for July 1 to Dec. 31, 1935

The report of the Board of Trustees for the Administration of the Indemnity Funds Remitted by the British Government for the period July 1 to Dec. 31, 1935, has just been issued from Shensi Road, Nanking. It contains a record of the loans granted, educational and cultural work, and contracts entered into. It is recorded that during the six months under review, loans were made to the Ministry of Railways for the rehabilitation of the Hunan-Hupeh section of the Canton-Hankow Railway, to the National Construction Commission for the extension of electrical enterprises in the Capital, to the Ministry of Communications for the development of river shipping operating under the China Merchants Steam Navigation Company, and to the Ministry of Industries for the establishment of the National Machine Works. Grants were given to the Special Education Work in the provinces of Kiangsi, Fukien, Anhwei, Hupeh, and Honan, and to various educational and cultural institutions in accordance with appropriations passed by the Board last May. To encourage the teaching of science in middle schools, the Board co-operated with the China Foundation for the Promotion of Education and Culture in purchasing one hundred sets of physics laboratory instruments, two-thirds of which were sold to various senior middle schools at half price price and one-third given gratis.

Medical Profession Backs Up Dr. Heng Liu

A number of prominent members of the medical profession in Shanghai, including Dr. F. C. Yen, Director of the Chinese Red Cross Hospital, Dr. H. P. Chu, President of the Chinese Medical Association, Dr. W. S. New, Superintendent of the Orthopedic Hospital of Shanghai, and several others, have jointly written to the Executive Yuan asking for a fair trial of the misappropriation case against Dr. J. Hang Liu, Director of the National Health Administration, which is now being investigated. The petitioners ask for an impartial and unbiased investigation of the many allegations against Dr. Liu "which have been given glaring and exaggerated publicity before the Court has even time to look into the case."

Dr. Liu is at present making an inspection of army medical service in upper Yangtze Valley. Dr. Liu is concurently Director of the Medical Department of the Generalissimo's Headquarters. Following Dr. Liu's resignation from his concurrent post as Superintendent of the Central Hospital, Dr. James K. Shen, assistant superintendent and head of the Surgery Department, has been appointed Acting Superintendent.

Japanese Consulate in Chengtu to Be Reopened

The Japanese Consulate-General in Chengtu, Szechuen, which was closed soon after the outbreak of the Manchurian Incident, is to be re-opened early next month. *Domei* states that Eichi Iwai, former chancellor of the Japanese Embassy in China, will be appointed acting Consul-General. He is expected to leave Tokyo for his post next week. Mr. Iwai in an interview said that he hoped Japanese industrialists would pay attention to the development of the "immense untapped resources of the province including oil." Szechuan, he said, has no Japanese residents at present.

William Phillips Is Appointed U.S. Ambassador to Rome

William Phillips was appointed U.S. Ambassador to Rome June 30. Mr. Phillips, who, until now, has been Under-Secretary of State, will succeed Breckinridge Long. Mr. Phillips' task will be to formulate United States relations with the new Italian Empire without compromising the Administration's principle of not recognizing territorial gains achieved by forcible means.

Most of Silver Imported by U.S. Came from China

Silver valued at $6,835,000 was imported by the United States during the week ended June 26. China supplied $5,400,000 of the total.

Roosevelt Defines Fight for Freedom in Message to Tammany Hall

President Roosevelt in a special message to Tammany Hall July 4 declared that "the story of freedom in this country is the story of a long and continuous struggle in which special privilege has sought the enrichment and aggrandizement of the few at the expense of the rights of the common man." The message was read on the occasion of a ceremony commemorating the 150th anniversary of the founding of the Society of Tammany.

Soviets Buy $15,000,000 Worth of Oil Development Machinery in the U.S.

The New York *Wall Street Journal* July 1 stated that Soviet Russia will soon complete purchases of oil-field and refinely equipment in the United States to a value of $15,000,000. The chief commissioner of the Soviet oil industry, M. Barinoff, has been in the United States for several months studying various phases of the oil industry.

U.S. Petty Naval Officer Found Guilty of Espionage---15 Years Imprisonment

Indicted by a Federal Grand Jury on 19 charges of violating the Espionage Act and communicating information relating to national defense to Japan, Thomas Thompson, former petty officer in the American Navy, was found guilty in Los Angeles July 30. Thompson admitted supplying "clippings" about the United States Fleet to Japan and receiving a salary of $700 a year. He declared, however, that ultimately he had resigned "from the service of the Japanese Government."

The trial of Toshio Miyazaki, described as a Lieutenant-Commander in the Japanese Navy, who was also indicted on similar charges, was held *in absentia*. Miyazaki is stated to be in Japan.

Sending the jury out of the courtroom, Judge Leon Yankwich, in the Superior Court denied a defence motion for dismissal of the espionage and conspiracy charges against Thompson, who was a former yeoman in the United States Navy. He likewise refused to direct a verdict of acquittal, as asked by the defence attorneys. The Government, Judge Yankwich declared, had proved the existence of a conspiracy "to disclose naval secrets to a foreign power, thus endangering the security of the United States."

Miss Janet Ono, a Japanese girl and a friend of Thompson, testified that she delivered to the Japanese Consulate at Los Angeles a message from Thompson saying that he had been imprisoned for wearing a naval uniform without authority. Y. Oda, a teller of the Yokohama Specie Bank admitted that checks were paid to Thompson which were drawn on the account of the Japanese Navy with the Irving Trust Co. of New York.

Thompson, was sentenced to fifteen years' imprisonment July 6 on charges of conspiracy and espionage. The sentence was five years less than the maximum penalty provided by law. Judge Yankwich refrained from imposing the longer term because Thompson made a last-minute statement incriminating additional persons in the plot. Those mentioned were said to include several leaders of the Japanese colony of Los Angeles, The judge, in pronouncing sentence, compared Thompson with Judas.

United States attorney, Pierson M. Hall, previous to the trial proceeded to Washington to attend a conference among State, Navy and Justice department officials due to the international aspects of the affair.

Japanese Claim to Have Unearthed British Spy Ring in Nagasaki

Discovery of an extensive espionage system allegedly operating since 1931 on behalf of Great Britain since 1931 is claimed by the Nagasaki police, who last week questioned more than 10 suspects charged with gathering Japanese military and industrial secrets. The British organization has its headquarters in Tokyo and Yokohama, according to the Tokyo *Nichi Nichi*, and has secret agents posted in several commercial centers such as Kobe, Shimonoseki and Moji. Apparently with some dismay, the spy-hunters are stated to have ascertained that the espionage ring has already unearthed a considerable amount of secret material with the assistance of Japanese in various walks of life, including workers, merchants, tradesmen, hotel employes and employes in ships. The Nagasaki police have made a provisional report to the Foreign Office and have also invited the police of Hyogo and Kanagawa prefectures to join in the anti-espionage drive, the newspaper says.

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Tokyo "Sounds" Berlin on Recent Barter Agreement with China

The reported conclusion of a Sino-German "barter" agreement, under whose terms China would trade $100,000,000 worth of raw materials for Reich's manufactured goods and ammunitions, continues to draw serious attention of the Tokyo Foreign Office authorities, recent messages from Tokyo stated. Viscount Mushakoji, Japanese Ambassador to Berlin, reported to the Gaimusho that he called at the Oriental Affairs Bureau of the German Foreign Ministry on June 39 to ask for explanations and to point out that the trade agreement would form a violation of the Versailles Peace Treaty. He also informed the German authorities of the Japanese Government's fears that the reported "barter" pact would upset the existing amicable relations between Japan and the Reich. Foreign Ministry officials, Viscount Mushakoji reported, insisted that Germany still intended to pursue a policy of amity towards Japan, and that the sole objective of the Sino-German agreement was to promote trade between the two countries. Viscount Mushakoji was further informed that the Foreign Ministry would see to it that the agreement has no unfavorable reaction upon the conditions in the Far East. Germany, the Ambassador was reportedly told, will pay due consideration to Japan's position in the Far East in the operation of the Sino-German trade pact.

Nanking Director Says Armaments Not Included in Barter Agreement

Replying to a query by Lieut.-Col. Tatsuim Amemiya, Japanese resident officer in Nanking, Kao Tsung-wu, Director of the Waichiaopu's Asiatic Affairs Bureau, July 2 admitted that a Sino-German commercial agreement had been signed about a year ago, but denied that it has ever been put into effect.

The agreement, he said, involved the purchase of $100,000,000 worth of German manufactured goods, especially machinery, by China. Armaments, he stressed, were not included in the list of goods to be purchased.

9297 Drug Addicts Treated at Tientsin Clinic—New to Be Closed

The *North China Star* relates that the Narcotic Addicts Clinic, in Tientsin, which is to be abolished shortly, has, during the past sixteen months, rendered free treatment to 8,885 male addicts and 412 women. At present there are 472 men and 47 woman addicts under treatment at the Clinic. The Clinic is not prepared to receive new patients now, and the premises will be closed down as soon as the present treatment is completed. The Clinic was established in February of last year, on the proposal of the former Mayor Chang Ting-neh, who appropriated a monthly allowance of $4,000 as operation expenditures.

The Three Millionth V-8 Ford

The 3,000,000th V-8 Ford came off the famous final assembly line at the Rouge River plant of the Ford Motor Company, May 25, under the eyes of Henry Ford and Edsel Ford and a group of British cement manufacturers headed by Viscount Wolmer.

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CUSTOMS NOTIFICATION NO. 1526.

TO WHOM IT MAY CONCERN.

Whereas it has been reported to me P. G. S. Barentzen, Commissioner of Customs of the port of Shanghai, that the British Salvage Tug St. Aubin has become a wreck and is, or is likely to become, an obstruction or a danger to navigation, I now give notice that any contract entered into for the salvage of the said vessel which has not first been submitted to me and been approved by me in writing shall be held to be null and void.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 4th July, 1936.